



Daily Report

China

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General

Foreign Ministry Holds Weekly News Briefing

Views Qian Qichen's Visit to France

OW2001081794 Beijing XINHUA in English 0809
GMT 20 Jan 94

[Text] Beijing, January 20 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen will, upon invitation, pay an official visit to France from January 22 to 24 following his visit to six African countries, a spokesman for the Chinese Foreign Ministry announced here today.

At a weekly press conference, spokesman Wu Jianmin also said that Qian will exchange ideas on bilateral relations and international issues of common concern with the French side during his tour in France.

Comments on Hong Kong Issue

OW2001110394 Beijing XINHUA in English 1052
GMT 20 Jan 94

[Text] Beijing, January 20 (XINHUA)—China hopes that the British side will withdraw its partial constitutional package and return to the negotiating table, a Chinese Foreign Ministry spokesman told a weekly press conference this afternoon.

The spokesman, Wu Jianmin, said this when asked to comment on the report that Hong Kong Governor Chris Patten might table the second portion of the constitutional package before the Legislative Council of Hong Kong in March. "We hope that the British side withdraws its partial constitutional package that has been submitted to the Legislative Council and return to the negotiating table in view of maintaining Sino-British cooperation and the long-term stability and prosperity of Hong Kong," the spokesman said.

If the British side does not withdraw the partial constitutional package and goes on to submit the second portion of the package to the Legislative Council, he added, it will only demonstrate that the British side has set its mind on not returning to the negotiating table.

"The British side should bear all the consequences arising from this," he said.

China has reiterated that in a time when no agreements have been reached between the two sides, any legislation passed by the Legislative Council concerning the 1994/1995 election will not be accepted, he noted, adding that any institute or organization established according to that legislation will last only till June 30, 1997.

On New Hong Kong Airport

OW2001085794 Beijing XINHUA in English 0849
GMT 20 Jan 94

[Text] Beijing, January 20 (XINHUA)—The British Hong Kong Government should observe the memorandum of understanding on the new airport in Hong Kong, a Chinese Foreign Ministry spokesman told a weekly press conference this afternoon.

The spokesman, Wu Jianmin, said this while responding to a question on Sino-British talks on the financial arrangements for the new airport in Hong Kong.

"The key matter regarding the financial arrangements for the construction of the new airport in Hong Kong is whether or not to observe the memorandum of understanding on the new airport," Wu said.

In compliance with the relevant provisions of the memorandum, the Chinese side has already put forward a whole set of proposals for settling the debt burden of the future Hong Kong Special Administrative Region, increasing the cost-effectiveness of the airport project and intensifying necessary supervisory mechanism, Wu said.

He added that China now hopes to see a favorable response from the British side.

"However, some leading officials of the British Hong Kong Government recently made remarks in public attacking the Chinese side on this issue," he said.

"This only points to the lack of sincerity for negotiations on the part of the British side. Therefore, should the talks be reopened, the British side ought to show its sincerity first."

Official Contact With Taiwan Opposed

OW2001090894 Beijing XINHUA in English 0856
GMT 20 Jan 94

[Text] Beijing, January 20 (XINHUA)—China firmly opposes any form of official contact between Taiwan and countries having diplomatic relations with China, a Chinese Foreign Ministry spokesman said at a weekly news briefing here this afternoon.

Spokesman Wu Jianmin made the remarks when asked to comment on the consensus reached between Taiwan and Britain on Taiwan's import of British hi-tech for both military and civilian uses.

"We firmly oppose any form of official contact between Taiwan and countries having diplomatic relations with China," he said, adding that cooperation of hi-tech for both military and civilian uses is a "highly sensitive issue."

"We hope countries concerned will handle this issue with prudence," the spokesman stressed.

Russian Foreign Minister To Visit

OW2001090294 Beijing XINHUA in English 0855
GMT 20 Jan 94

[Text] Beijing, January 20 (XINHUA)—Russian Foreign Minister Andrey V. Kozyrev will visit China later this month, Wu Jianmin, a spokesman of the Foreign Ministry, confirmed in a weekly press conference this afternoon.

"But the specific date is yet to be set through consultation by Chinese and Russian sides, and we will release information specifically covering his visit," Wu said.

China and Russia are enjoying very good relations with each other, and the relations between the two countries in all areas have been steadily growing, Wu said.

During the Russian foreign minister's visit in China, the two sides will exchange views on bilateral ties as well as international and regional issues, Wu said.

On Relations With Vatican, Russia

OW2101102394 Beijing China Radio International in English to Western North America 0400 GMT
21 Jan 94

[From the "Current Affairs" program]

[Excerpts] China says it wants a positive response from Britain before negotiations on the Hong Kong airport can resume. The Foreign Ministry spokesman made the statement Thursday [20 January] in Beijing during his weekly press conference. Our reporter Li Wei-quan brings us up to date.

[Begin Li recording] [passage omitted]

On other matters, Wu Jianmin responded to foreign media report which alleges that China and Vatican have reached a compromise on diplomatic relations. The report further states that China would allow room to maintain informal ties with Taiwan. The spokesman said: These news stories are unfounded.

Wu Jianmin also confirmed the upcoming visit to Beijing by Russian Foreign Minister Andrey Kozyrev later this month, but the date has yet to be settled.

Wu Jianmin declared: China and Russia have very good relations, with cooperation in all areas growing steadily. During Kozyrev's visit, the two countries will talk about issues of mutual concern.

For China Radio International, I am Li Wei-quan. [end recording]

Views Visit by International Red Cross

OW2001092894 Beijing XINHUA in English 0920
GMT 20 Jan 94

[Text] Beijing, January 20 (XINHUA)—China's Society of Red Cross recently exchanged views with a visiting

delegation of the International Red Cross on programs of bilateral cooperation and exchanges, said a Foreign Ministry spokesman in a weekly press conference here this afternoon.

Wu Jianmin, the spokesman, said the four-member delegation led by Jean-Michel Monod, delegate-general for Asia and Pacific Region of the International Committee of the Red Cross, arrived in Beijing on January 16 at the invitation of China's Red Cross Society.

Officials from the Ministry of Foreign Affairs and Ministry of Justice also exchanged opinions with Monod.

"These talks and exchanges of opinions have helped enhance mutual understanding," Wu said.

United States & Canada**U.S. Treasury Secretary Bentsen Continues Visit****Makes Statement on 'Prison Exports'**

OW2001102394 Tokyo KYODO in English 0757 GMT
20 Jan 94

[Text] Beijing, Jan. 20 KYODO—China has agreed to cooperate with the United States on alleged "prison exports" in an apparent appeasement to U.S. demands for improvement on human rights issues.

The Thursday [20 January] announcement, made by visiting U.S. Secretary of Treasury Lloyd Bentsen, comes four months before the U.S. must decide whether China has made enough progress in human rights to warrant a renewal of their most favored nation (MFN) trading status.

"Our governments have agreed on measures to ensure more effective prevention of the export of goods made with prison labor," Bentsen told an audience of Chinese social scientists. "China has also agreed to permit inspections of five prisons alleged to be producing goods for exports."

Addresses Social Sciences Academy

OW2001110794 Beijing XINHUA in English 1101
GMT 20 Jan 94

[Text] Beijing, January 20 (XINHUA)—Visiting U.S. Treasury Secretary Lloyd Bentsen said here today that the reopening of the Sino-American Joint Economic Committee is significant.

In a public speech delivered this afternoon at the Chinese Academy of Social Sciences, Bentsen said that one of the important missions on his trip to China is to co-chair the first meeting of the committee since 1987.

He said that a revitalized committee could provide an opportunity for both governments to discuss economic issues and help narrow the differences between the two countries.

The treasury secretary said that he was encouraged by China's recent efforts to reform the tax system, central bank and the financial system as well as the foreign exchange system.

He said that the reforms would put in place the tools for more effective management of China's rapidly growing economy and an expanded role for the market, and will assist in China's entry into the General Agreement on Tariffs and Trade (GATT).

According to Chinese officials, the Joint Economic Committee will hold its eighth meeting tomorrow, at which the two sides will brief each other on the economic development in each country and exchange views on bilateral issues.

Meets Jiang, Zhu Rongji 20 Jan

CM2101142594 Beijing XINHUA Domestic Service in Chinese 1309 GMT 20 Jan 94

[Text] Beijing, 20 Jan (XINHUA)—Chinese President Jiang Zemin said here today that China and the United States should have more contacts and exchanges at different levels, build up mutual trust and make joint efforts to push bilateral relations gradually onto the normal track.

Jiang made the remark during a meeting with U.S. Secretary of Treasury Lloyd Bentsen this afternoon in Zhongnanhai.

Bentsen is the first U.S. cabinet member to visit China since the presidents of the two countries met in Seattle last November.

Jiang, welcoming Bentsen, said that he hoped that the treasury secretary's visit would increase bilateral mutual-understanding.

Bentsen noted that both the United States and China are big countries and they share a huge trade volume.

The United States hopes to promote its economic and trade cooperation with China, said Bentsen.

He told Jiang that President Clinton was much impressed with his meeting with Jiang in Seattle and the U.S. President "appreciated the wise counsel you offered during the meeting."

Jiang said that he had a very successful talk with U.S. President Bill Clinton during the Seattle meeting and they had reached a common understanding, which is that the relationship between China and the United States is very important.

He said that the Seattle meeting created a new start for the development of bilateral relations and he hoped that such a momentum would be maintained.

The Chinese president said that both China and the United States should seize the current opportunity and create more contacts and exchanges at different levels,

build up mutual trust, and make joint efforts to push Sino-U.S. relations gradually onto the normal track of development.

Sino-U.S. trade and economic ties are a very important part of bilateral relations, Jiang said, and China is focusing on the construction of modernization while the United States is also facing a task of vitalizing its economy, and the two economies are strongly complementary.

Therefore, he said, expanding exchanges and cooperation between the two sides in the fields of economy, trade, science and technology are in line with the practical interests of the two peoples.

China will quicken its pace in reform, opening-up and the establishment of the socialist market economy in 1994, Jiang said, and this has created new opportunities for further development of trade and economic ties between China and the United States.

Jiang expressed the hope that the treasury secretary would gain a better knowledge of China's economic development and its potential through the current visit.

Earlier this afternoon, Chinese Vice-Premier Zhu Rongji met with Bentsen and his party and hosted a luncheon in their honor in the Great Hall of the People. In a candid and friendly [tan shuai you hao 0982 3764 0646 1170] atmosphere, they exchanged views on development of bilateral economic relations and trade.

Editorial on Significance of Visit

HK2101113794 Hong Kong WEN WEI PO in Chinese 20 Jan 94 p 2

[Editorial: "Sino-American Trade Tends Toward Normalization"]

[Text] Sino-American relations have shown signs of progress since Clinton met Jiang Zemin in Seattle in last November. Treasury Secretary Bentsen was assigned by Clinton to visit Beijing, which was a vigorous step to promote the normalization of Sino-American relations.

As everyone knows, the Sino-American Joint Economic Commission was suspended by the U.S. side after 1989. The last session was held in 1987, and the commission has been suspended for seven years. The Sino-American Joint Economic Commission is a very important organization for economic cooperation, which gives an impetus to technological cooperation between the two countries through intergovernmental planning, coordination, and promotion. For example, in the past, cooperative plans in such fields as metallurgy, telecommunications, electronics, machinery, and building materials were signed in the Joint Economic Commission. Moreover, both sides briefed the other party on economic development strategies, monetary strategy, and foreign investment policies to allow Chinese and U.S. businessmen to make complementary investment and open up new investment fields, thus leading to huge growth in

the volume of bilateral trade. The convening of the Joint Economic Commission also helped both sides understand impediments to economic and trade cooperation and to remove some obsolete legislation and administrative measures, thus leading to vigorous growth in trade.

China and the United States are different in terms of their social systems, as well as in politics, culture, and history. If they are sensible enough to lay these differences aside and work according to the laws of economics, they can achieve what both sides want. Closer cooperation will not only benefit a certain party but both sides. Today, sensible figures in the United States have already noticed that U.S. economic interests are a top priority, while human rights diplomacy only comes second, and what is primary should be distinguished from what is secondary. It is not difficult for both sides to cooperate with each other as long as efforts are made to "seek common ground while reserving differences."

Bentsen is influential in Congress, and he is also an important cabinet member of the Clinton administration. He has visited China to hold a dialogue with Chinese leaders and to have a concrete understanding of the real situation of China. His visit is favorable to the healthy development of Sino-American relations. Therefore, Premier Li Peng said when meeting with Bentsen, "China and the United States should seize the opportunity to do something in a down-to-earth manner to facilitate, as soon as possible, the normal development of our bilateral relations."

Solid work refers to the Sino-American Joint Economic Commission co-chaired by Bentsen and the Chinese finance minister, in which both sides will study methods to expand economic cooperation and trade. The Chinese side is very much interested in introducing advanced technology and equipment from the United States and is also willing to open up its market, whereas the United States expects China to reduce tariffs and open its service sector to give U.S. businessmen more investment opportunities. Bentsen said: "The fact that President Clinton assigned me to visit China indicates that the United States attaches importance to the development of U.S.-Chinese relations and wishes to seek a way to further develop Sino-American relations, particularly economic and trade relations." Hence, in the next three days, it will be most important to know what issues the Economic Commission will discuss and what results they will achieve. The Chinese side is ready for cooperation, and the U.S. side has also indicated that "the United States should take part in the economic development process of Asia, and of China in particular." An attitude of positive cooperation between China and the United States will help, in a frank and sincere way, remove some obsolete and artificially imposed obstacles, expand the volume of bilateral trade, and reach a consensus.

Both Chinese and U.S. politicians acknowledge that a strong and prosperous China is advantageous to the United States and to the world as well.

This is not a formalistic gesture but an accurate analysis of current political and economic developments in the world. The outside world once tried to hasten the process of "democratization" and economic privatization of the former Soviet Union, hoping that a country with a planned economy could change into a capitalist country within a short period of time. Consequently, this gave rise to the "bombardment of the parliament" and such "democratic freaks" as Zhirinovsky and led to economic collapse, which is unfavorable to development of the global economy and to stability and security of Europe.

However, only in Asia has a situation of political stability and rapid economic growth emerged, and China has become a major factor in Asia's economic development. China's economic development is beneficial to Asia as well as to the world. As huge amounts of U.S. capital come to the East, U.S. Treasury Secretary Bentsen's visit to China will accelerate the process of opening up the China market to U.S. investors, which will also bring about greater development in economic and trade cooperation between China and the United States.

Bentsen Co-chairs Joint Economic Committee Meeting

OW2101123094 Beijing XINHUA Domestic Service in Chinese 0724 GMT 21 Jan 94

[By reporters Zhang Yijun (1728 4135 0193) and Zhu Baihua (2612 4101 2901)]

[Text] Beijing, 21 Jan (XINHUA)— The eighth session of the Sino-U.S. Joint Economic Committee met in Beijing this morning. It was the first meeting of the Sino-U.S. Joint Economic Committee since its activities were suspended in 1988. A joint statement was issued at the end of the meeting.

According to Chinese officials who took part in the meeting, the successful convocation of the meeting was of positive significance in narrowing the differences in economic cooperation between the two countries, opening up broad prospects for economic cooperation, and improving and developing Sino-U.S. relations.

The Joint Economic Committee was established on the agreement between Deng Xiaoping and then U.S. President Carter during Deng's visit to the United States in January 1979. The committee, as a center of Sino-U.S. economic exchange and cooperation, aims to coordinate and supervise the orderly development of economic relations between the two countries.

It convened seven sessions from 1980 to 1987. The resumed session today was convened upon the proposal of the U.S. side.

Chinese Finance Minister Liu Zhongli and the head of U.S. delegation and Secretary of Treasury Lloyd Bentsen cochaired the meeting.

After reviewing the Sino-U.S. relations in economic cooperation, Liu Zhongli said: China and the United States share broad mutual interests. The two countries are strongly supplementary to each other in economy, trade, and many other fields. The potential is great and the prospects are broad for developing mutually beneficial cooperation.

Bentsen said: The United States welcomed the progress China has achieved in its market-oriented economic reforms. An open and vigorous Chinese economy will not only promote the prosperity and stability of Asia, but provide important opportunities for American businesses and help create jobs for Americans as well.

The two sides exchanged views on such issues as China's reentry into GATT, the MFN issue, and the implementation of the three memorandums of understanding with regard to intellectual property rights, prison products, and market access, as well as the issue of multilateral development organizations.

During the session, delegates of both sides delivered speeches on special topics such as finance and taxation, banking, foreign trade, and external investment. The speakers on the Chinese side included Liu Jibin, vice finance minister; Chen Yuan, vice governor of the People's Bank of China; and Gu Yongjiang, vice minister of foreign trade and economic cooperation.

During the session, the two sides also agreed that the ninth session of the joint economic committee would be held next year in Washington D.C.

Holds News Conference on Meeting

CM21011510894 Beijing XINHUA Domestic Service in Chinese 1038 GMT 21 Jan 94

[Text] Beijing, 21 Jan (XINHUA)—Chinese Finance Minister Liu Zhongli and U.S. Secretary of Treasury Lloyd Bentsen said that the eighth session of the Sino-U.S. Joint Economic Committee was a complete success and the results achieved were outstanding [tu chu 4499 0427].

They made the remarks at a joint press conference immediately following the close of the current session this morning.

Liu said that the two sides, in a frank, friendly, and cooperative [tan cheng you hao he zuo 0982 6134 1170 -678 0155] spirit, had discussions over a wide range of topics concerning economy, trade, and economic reforms of the two countries.

Through the discussion, he added, the two sides have achieved common understanding in many aspects. The Chinese side is optimistic about the prospects of economic and trade cooperation between the two countries, he said.

Bentsen said that the exchanges between the two sides during his visit to China has helped the two countries to make further progress in bilateral relations.

He said that he expects more meetings with Chinese economic leaders, and that the two sides should make efforts so that U.S.-Chinese economic relations and trade can continue to develop in a healthy manner.

'Text' of Statement Issued

CM2101142194 Beijing XINHUA Domestic Service in Chinese 0720 GMT 21 Jan 94

[Text] Beijing, 21 Jan (XINHUA)—The eighth session of the Sino-U.S. Joint Economic Committee took place in Beijing today. The meeting issued a joint statement here today. The full text follows:

1. At the invitation of Chinese Finance Minister Liu Zhongli, U.S. Treasury Secretary Bentsen paid an official visit to China January 19-22, 1994. During his visit, Secretary Bentsen and Minister Liu co-chaired the eighth session of the Sino-U.S. Joint Economic Committee which met on January 21, 1994. Secretary Bentsen also met with President Jiang Zemin, Premier Li Peng, and Vice-Premier Zhu Rongji. The Joint Economic Committee [JEC], in its new formulation, is designed to provide an integrated framework for addressing economic issues of mutual interest between the United States and the People's Republic of China.

2. In a cordial and frank discussion, the two ministers agreed that the committee would meet annually, alternating between the United States and China. The discussions under this framework are aimed at promoting three shared objectives:

—Continued growth in trade and investment ties which have vast potential for benefiting both economies;

—China's successful implementation of market oriented economic reform and integration into the world economy; and

—Improvement of the legal and regulatory system so as to increase transparency and promote deeper economic ties.

3. To advance the dialogue on particular issues of immediate interest, secretary Bentsen and minister Liu agreed to establish initial working groups at the sub-cabinet level in three important areas:

—Monetary and banking issues

—Exchange system reform

—Investment and economic cooperation

The ministers agreed that the working groups should meet at six month intervals, or as necessary, in order to report progress to the annual meetings of the JEC. The

co-chairs agreed to designate officials to coordinate the technical assistance being provided under the auspices of the working groups.

4. On behalf of President Clinton, Secretary Bentsen stated that the United States supports a strong, stable, prosperous, and modernizing China. Moreover, the United States commends China's recent decisions to move forward with market-oriented reforms of its monetary and banking system, tax system, and foreign exchange system. The secretary offered to intensify the program of technical support for reform, drawing on the expertise of U.S. Government agencies:

—The Treasury Department, including: The Internal Revenue Service, U.S. Customs Service, the office of the Comptroller of the Currency,

—The Securities and Exchanges Commission; and

—The Federal Reserve Board.

Secretary Bentsen also announced that Chairman of the Federal Reserve Board Alan Greenspan has offered to travel to China this year to discuss monetary issues in the reform process.

5. Secretary Bentsen welcomed China's decision to unify its exchange rates and improve importers' access to foreign exchanges as important steps on the road to GATT accession and to full convertibility. The United States expressed its staunch support for China's achievement of contracting partner status on the basis of the memorandum of understanding on market access signed by the two countries.

6. Secretary Bentsen highlighted the U.S. interests in supporting China's efforts to develop and reform its domestic capital markets, including improving opportunities for the participation of foreign financial institutions.

7. Secretary Bentsen also commended recent efforts made by China to implement the memorandum of understanding on market access signed by the two countries. Secretary Bentsen welcomed the recent conclusion of an agreement on textile trade and China's agreement to start services negotiations in February. At the same time, secretary Bentsen noted that many barriers persist and stressed the importance of further liberalization of China's trade regime. Secretary Bentsen also emphasized the need for China to open its services markets and improve enforcement of intellectual property protection.

8. Minister Liu Zhongli noted that the United States is the most developed economy in the world in terms of its economic strength and technological attainments, and the healthy growth of its economy has a significant bearing on the overall world economy. Minister Liu Zhongli indicated great interest in President Clinton's deficit reduction package and welcomed the resulting improvement in the U.S. economic activity.

9. Minister Liu Zhongli welcomed Secretary Bentsen's offer to provide and expand U.S. technical assistance for China's reforms, and appreciated the United States' continued staunch support for China's attainment of GATT contracting party status. Minister Liu also hoped that the U.S. would remove obstacles to the growth in trade with China and further relax restrictions on high technology exports to China.

10. Minister Liu outlined the recent reforms in China's foreign exchange system, including the unification of the dual exchange rate system at a single exchange rate responsive to market forces and the elimination of the requirement for official approval of most foreign exchange transactions on the current account. Minister Liu also indicated that China intended to achieve, over time, convertibility of the renminbi.

11. Minister Liu indicated that China will, on an experimental basis, allow foreign financial institutions to engage in renminbi denominated business and will further expand the geographic areas open to foreign financial institutions to some additional major cities.

12. Minister Liu stated that China has made earnest efforts to implement the existing memoranda of understanding [MOU] signed by the two governments. He expressed the hope that both sides will continue friendly negotiations on the unresolved issues in the process of implementation of the MOUs.

13. Secretary Bentsen and Minister Liu noted the keen interest of both countries in regional cooperation aimed at promoting sustained growth, improved economic relations, and further economic cooperation. Secretary Bentsen invited Minister Liu to attend the APEC finance ministers' meetings to be held early this year. Minister Liu accepted the secretary's invitation. Both leaders indicated their strong support for APEC related activities and hope that the finance ministers' meetings will promote economic cooperation in the Asia-Pacific region.

Repatriates From U.S. to Face Fines

HK2101125594 Hong Kong AFP in English 1046 GMT 21 Jan 94

[Text] Beijing, Jan 21 (AFP)—A group of illegal migrants who have just been repatriated from the United States to the southeast Chinese province of Fujian will probably have to pay a fine of 5,000 yuan (575 dollars) before being allowed to return home, a provincial government spokesman said Friday [21 January]. The 118 migrants arrived in Xiamen by plane on Tuesday, after a flight from California, in one of the biggest recent repatriations of Chinese from the United States.

The official, in a telephone interview, said the group comprised persons who genuinely wanted to emigrate, and organisers who were involved in smuggling them to the United States. "The organisers will be sent to jail, and the sentence will be life imprisonment if they have

committed atrocities," the official said, speaking on condition of anonymity. "In principle, people who are victims of people smugglers have to pay a fine" of 5,000 yuan, "but do not have to go into a re-education camp" he said.

Reeducation camps are used for people who repeatedly try to emigrate without authorization. In a similar case last year, 659 Chinese repatriated to Fujian from the United States were sent to a re-education camp, a punishment that can be applied without trial and for a term of up to three years. Chinese sometimes pay up to 60,000 dollars for the clandestine trip to the United States, although the journey often ends in tragedy. Last June, eight Chinese died when they leapt from a boat laden with 300 illegal migrants as it approached New York.

U.S. Defense University Delegation Visits Nanjing

OW2101043394 Nanjing Jiangsu People's Radio Network in Mandarin 2300 GMT 19 Jan 94

[From the "Provincial News Hookup" program]

[Text] Lieutenant General Guo Xizhang, deputy commander of the Nanjing Military Region, cordially met with Lt. Gen. Paul Cerjan, president of the United States National Defense University, and his delegation at the Jinling Hotel in Nanjing yesterday evening.

Present at the meeting were Ding Bingsheng, deputy chief of staff of the Nanjing Military Region, and Xu Fangting, dean of our country's National Defense University. The latter was accompanying the visitors. During the meeting, Deputy Commander Guo Xizhang said: The visit by President Cerjan and his party has brought to us the friendly sentiments of the American people their army. The Nanjing Military Region has, on many occasions, received delegations from the U.S. National Defense University. Through contacts, the two sides have deepened understanding and friendship.

President Cerjan said: Since our arrival in Nanjing, we have been given a warm reception and welcome. In addition, we have witnessed the economic boom in this ancient city of yours. Through visits and calls, we have come into contact with the outstanding fighters and commanders of your army. Their operational skills have had a profound impression on us.

Others who were present at the meeting included Zhang Jinbao, commandant of the Army Command Academy, and (Mu Yang), a responsible individual from the relevant department in the Nanjing Military Region.

Lt. Gen. Cerjan and his party arrived in Nanjing from Beijing on the evening of 18 January. Yesterday the visitors paid visits to an infantry division in the Nanjing Military Region and the Army Command Academy; they also toured scenic sites in the eastern suburbs.

U.S. Universities Award Wan Li Honorary Degrees

University of Maryland Confers Degree

OW1701135094 Beijing XINHUA in English 1238 GMT 17 Jan 94

[Text] Beijing, January 17 (XINHUA)—Wan Li, former chairman of the Standing Committee of the National People's Congress (NPC) of China, was awarded an honorary doctorate for public service here today.

William Kirwan, president of the University of Maryland at College Park of the United States, awarded Wan the degree at the Great Hall of the People here this afternoon.

In his speech at the ceremony, Kirwan said that it was an honor of his university to award Wan the degree.

He said that Wan has made extraordinary contributions to promoting the friendship and understanding between the peoples of the U.S. and China and to enhancing the happiness of the Chinese people.

Expressing gratitude for the degree, Wan said that the awarding of the degree is not only an honor of himself, but a symbol of Sino-U.S. friendship.

Among those participating in the ceremony were Wei Yu, vice-minister of the State Education Commission, and Frank Scotton, U.S. counselor for cultural and press affairs here.

This morning, Chinese Vice-Premier Li Lanqing met with Kirwan and his party.

Johns Hopkins To Confer Degree

OW1801062794 Beijing XINHUA in English 0538 GMT 18 Jan 94

[Text] Beijing, January 18 (XINHUA)—Wan Li, former chairman of China's National People's Congress Standing Committee, is to be awarded an honorary doctorate by Johns Hopkins University of the U.S. this year.

This morning Wan met with Morris W. Offit, chairman of the board of trustees of the university, and his party at the Great Hall of the People.

Wan extended a welcome to the guests, saying that their visit will further promote bilateral academic exchanges and strengthen friendship between the peoples of China and the U.S.

During the meeting Offit passed on to Wan an invitation from president of his university offering the honorary doctorate.

Wan expressed his thanks.

Offit and his party arrived here January 16.

Southeast Asia & Pacific**Liu Huaqing Concludes Visit to Indonesia****Calls Visit 'Success'***OW2001042694 Beijing XINHUA in English 0406
GMT 20 Jan 94*

[Text] Bali, Indonesia, January 20 (XINHUA)—General Liu Huaqing, vice chairman of the Central Military Commission of the People's Republic of China, concluded here today his friendly visit to Indonesia, and left here for home by a special plane.

Before departure, escort officer Brigadier General and Mrs. Titi Mutaryono went to the Kartika Plaza Beach Hotel to bid farewell to Vice Chairman Liu Huaqing and conveyed greetings from General Feisal Tanjung.

He said General Tanjung felt satisfied with Vice Chairman Liu's visit.

Vice Chairman Liu said his visit to Indonesia was a success. He will bring back the friendship of the Indonesian people and the armed forces.

Aboard the same plane were his wife, Madame Xu Hongxia, and his entourage.

Seeing the Chinese guests off at the airport were Major General and Mrs. Theo Syaefi, commander of military area command Iz/Udayana, Major General (Police) and Mrs. Amrin Syarofi, chief of state police, Nusa Tenggara region.

Vice Chairman Liu Huaqing and his entourage began friendly visit to Indonesia on January 14 and during his stay, he was received by Indonesian President Soeharto and Vice President Try Sutrisno. Liu Huaqing called on General (Ret) Edi Sudradjat, minister of defense and security, and General Feisal Tanjung, commander-in-chief of the Indonesian Armed Forces. Liu Huaqing and his entourage also paid visits to Yogyakarta, Bandung, Surabaya and Bali.

Arrives in Guangzhou*OW2001135394 Beijing XINHUA in English 1336
GMT 20 Jan 94*

[Text] Guangzhou, January 20 (XINHUA)—General Liu Huaqing, vice-chairman of the Central Military Commission (CMC) of China, arrived here today by plane after ending his visit to Thailand and Indonesia.

Lieutenant-General Li Xilin, commander of the Guangzhou Military Area, and Zhu Senlin, governor of south China's Guangdong Province, were among those who greeted Liu at the airport.

Liu visited Thailand and Indonesia at the invitation of the supreme commander of the Thai Armed Forces and the commander-in-chief of the Indonesian Armed Forces.

Meanwhile, he made a four-day stopover in Singapore.

Liu's wife Xu Hongxia, and Lieutenant-General Xu Huizi, deputy chief of the General Staff of the Chinese People's Liberation Army (PLA), and other members of Liu's entourage returned here by the same plane.

Continued Reports on Cambodian Delegation's Visit**Leaves Hainan for Guangzhou***OW2001111794 Beijing XINHUA in English 1048
GMT 20 Jan 94*

[Text] Haikou, January 20 (XINHUA)—The delegation from the Kingdom of Cambodia left here today for Guangzhou after its visit to south China's Hainan Province.

This morning, the Cambodian delegation, headed by First Prime Minister Samdech Norodom Ranariddh and Second Prime Minister Hun Sen, inspected Hainan Top Rank International Financial Services Ltd. here, accompanied by Mao Zhijun, vice-governor of Hainan Province.

The delegation arrived here Wednesday [19 January] and met with Ruan Chongwu, governor of the province, in the evening.

Ruan said during the meeting that Cambodia now is carrying out post-war reconstruction, and he hoped that Cambodia will develop smoothly.

He also briefed the Cambodian guests on Hainan's resources and reform and opening policies.

Ranariddh said that Hainan has been developing very fast and his country is "anxious" to learn from its experience.

Ranariddh appreciated the policies adopted by the province.

On agricultural issues, Ruan and Ranariddh both held that there is great potential for coordination in farm product processing between Hainan and Cambodia.

During their Hainan visits, the Cambodian guests also visited several enterprises and a development zone in Haikou.

Meets Guangdong Governor*OW2001164094 Beijing XINHUA in English 1435
GMT 20 Jan 94*

[Text] Guangzhou, January 20 (XINHUA)—Zhu Senlin, governor of South China's Guangdong Province, met with the government delegation from the Kingdom of Cambodia headed by First Prime Minister Samdech Norodom Ranariddh and Second Prime Minister Hun Sen and hosted a dinner in their honor here this evening.

During the meeting, Zhu briefed the Cambodian leaders on the province's reform and opening up, economic development, foreign trade and introduction of overseas investment. The province is striving to diversify its foreign trade market, he said.

Ranariddh praised Guangdong Province for its achievements in the process of reform and opening up, and said that Cambodia, while reconstructing the country, will learn from Guangdong and strengthen cooperation with the province in various fields, especially in trade, industry and communications.

The distinguished Cambodian guests, who arrived here at noon today from Haikou, capital of Hainan Province, visited some state-run enterprises and toured the city this afternoon.

Ends Visit

OW2101140394 Beijing XINHUA in English 1331
GMT 21 Jan 94

[Text] Guangzhou, January 21 (XINHUA)—A government delegation from the Kingdom of Cambodia, headed by First Prime Minister Samdech Norodom Ranariddh and Second Prime Minister Hun Sen, wound up its five-day visit to China and left here for home today.

The delegation was seen off at the airport by Yu Jianmin, head of the Chinese Government Reception Committee and vice-minister of the State Planning Committee, and Ou Guangyuan, vice-governor of south China's Guangdong Province.

The Cambodian guests arrived here at noon Thursday from Haikou, capital of south China's Hainan Province. Zhu Senlin, governor of Guangdong Province, met with the Cambodian guests here Thursday evening.

Returns Home

OW2101104394 Beijing XINHUA in English 1013
GMT 21 Jan 94

[Text] Phnom Penh, January 21 (XINHUA)—The Cambodian Government delegation headed by Co-Prime Ministers Norodom Ranariddh and Hun Sen returned back this afternoon after a 5-day official visit to China.

During their stay in Beijing, the Cambodian leaders met with Chinese President Jiang Zemin, Prime Minister Li Peng, and the two sides exchanged views on international and regional situation, as well as bilateral cooperation between China and Cambodia.

West Europe

XINHUA Reports on Qiao Shi's Visit to Germany

Friendship Group Established

OW1901184094 Beijing XINHUA in English 1803
GMT 19 Jan 94

[Text] Bonn, January 19 (XINHUA)—China's National People's Congress (NPC) has officially set up a China-Germany friendship group for parliamentary members.

This was announced today by Qiao Shi, visiting chairman of the NPC Standing Committee, at a luncheon given by Peter Schmitz, chairman of the Germany-China Group for Parliamentary Members, in honor of Qiao here.

Dai Jie, member of the NPC Standing Committee and a leader of the Financial Committee of the NPC, who is accompanying Qiao on the visit to Germany, is appointed head of the China-Germany Friendship Group.

Dai, who attended the luncheon, said the China-Germany group will work for closer links and cooperation with its German counterpart.

Ties Noted in Interview

OW1901222994 Beijing XINHUA in English 2129
GMT 19 Jan 94

[Text] Bonn, January 19 (XINHUA)—China and Germany should set their eyes on the 21st century and handle their mutual ties with a strategic point of view.

These remarks were made by Qiao Shi, chairman of China's National People's Congress (NPC) Standing Committee, in an interview with a local correspondent, Barbara Scheer, from the "Deutsche Welle" (the Voice of Germany) here this evening.

He said China and Germany have no fundamental conflict of interest, but shared many identical or similar views on international issues.

Their mutually supplementary economies have laid a good basis for bilateral cooperation, he said.

Over the past few years, Qiao said due to the concerted efforts, bilateral ties have appeared a good momentum for development.

Political relations between the two countries have been growing closer and economic ties and trade progressing, he said.

During German Chancellor Helmut Kohl's China visit last November, he said the two sides signed a series of agreements, contracts and letters of intent in the fields of politics, economy, science and technology and culture.

This demonstrates that the Sino-German ties have entered a new stage of the all-round development.

Qiao said China always places great importance on developing its ties with Germany and hopes for strengthening such cooperation in political, economic and other areas.

He said China is also willing to develop its long-term and stable relations with Germany according to the principles of seeking common ground while reserving differences, mutual respect, non-interference in each other's internal affairs, equality and mutual benefit.

"We hope that Germany will play greater roles in international affairs with a view to maintaining the world peace and development.

"To conduct friendly cooperation between a reforming and opening up China and a unified and peace-loving Germany is not only in the interests of the two peoples, but also an important contribution to the world peace and development," he added.

Answering a question on what kind of hope that he will place on his current visit to Germany, Qiao said "I hope my visit will help deepen our mutual understanding, expand exchanges and strengthen cooperation so as to newly promote such ties."

At the correspondent's request, Qiao briefed him on the latest development of China's culture, economy and politics.

He said China will continue to deepen its reform and open the door wider, focusing on its economic construction as its major task.

Qiao stressed that China's policy of reform and opening up will remain unchanged because it has won a country-wide support and the people have got benefits from it.

Talks With Foreign Minister Reported

*OW1901222794 Beijing XINHUA in English 2146
GMT 19 Jan 94*

[Text] Bonn, January 19 (XINHUA)—Top Chinese legislator Qiao Shi today conferred with German Foreign Minister Klaus Kinkel on bilateral ties and international issues of common interest.

Qiao stressed that China and Germany, both important countries, should make contributions to the world.

He said China's reform is deepening. While acting strictly in accordance with its national conditions, China should also learn from experiences of various countries.

Qiao expressed his hope that Kinkel will make greater contributions to boosting bilateral ties.

He also appreciated Germany's consistent stand on "one China" policy.

Kinkel said the political relations between the two countries have been good, especially after German Chancellor Helmut Kohl's visit to China.

China has always supported Germany's unification while the latter is also in favor of the stand on "one China", he said.

The German foreign minister noted that China is a country with vast territories and populous population, which is also a permanent member of the Security Council of the United Nations. "It will play great roles in political field," he said.

Kinkel said as an industrialized country, Germany is interested in China with the highest economic growth rate in the globe.

He reaffirmed Germany's support for the restoration of China's status as a contracting party to the General Agreement on Tariffs and Trade (GATT).

Qiao Shi thanked for Germany's support.

Qiao also met and had a friendly conversation with Hermann Otto Solms, chairman of the Parliamentary group of the Free Democratic Party here this afternoon.

Solms said all parties of the German Federal Assembly are pleased with Qiao's visit to Germany, hoping that the ties between the two governments, peoples and parliaments will be continuously strengthened.

Qiao Honored at Banquet

*OW2001005494 Beijing XINHUA in English 2352
GMT 19 Jan 94*

[Text] Bonn, January 19 (XINHUA)—Both top Chinese and German parliamentary leaders tonight agreed to furthering the existing good ties of the two parliaments.

Rita Suessmuth, president of Germany's Federal Assembly, gave a banquet here in honor of Qiao Shi, chairman of China's National People's Congress (NPC) Standing Committee, who is paying an official goodwill visit to Germany as Suessmuth's guest.

In her speech, Suessmuth praised China's policy of reform and opening up, and the highly speeded growth of economies in Asian countries including China as well as the improvement of people's living standard.

She said Germany and China should boost ties not only in economy, but also in culture, science and technology.

Qiao said the growth of friendly relations between the two nations demonstrates again that countries differing in social systems and ideologies are able to develop their long-term and stable relations and cooperation so long as they strictly abide by the principles of mutual respect, seeking common grounds while reserving differences, non-interference in each other's internal affairs, equality and mutual benefit.

Qiao said since the Cold War and bipolar structure came to an end, some positive changes have taken place in

international relations. But the world is far from tranquility and the world people are still facing the issues of peace and development.

He said China and Germany, as two important and influential countries in the world, are respectively at an important period of historical development.

Strengthening dialogues and expanding cooperation between the two countries will not only conform to the interests of the two peoples, but also benefit the world peace, stability and development, he said.

"I am deeply convinced that there exists a grand prospect for the development of Sino-German relations which are facing toward the 21st century," Qiao added.

Meeting With Chancellor Kohl Noted

OW2001230294 Beijing XINHUA in English 2246
GMT 20 Jan 94

[Text] Bonn, January 20 (XINHUA)—Both China and Germany should not only perceive with the 1990s of this century, but also look towards the next century in developing bilateral ties, a senior Chinese leader said here today.

Meeting with German Chancellor Helmut Kohl here Thursday [20 January] afternoon, Qiao Shi, visiting chairman of China's National People's Congress (NPC) Standing Committee, stressed that China should develop its relations with Germany from a strategic point of view.

"We desire to develop our long-term and stable friendly relations with Germany based on the principles of seeking common ground while reserving differences, mutual respect and trust, peace and mutual benefit," Qiao said.

Kohl said Germany and China share special ties, they can closely cooperate not only in economy, but also in other areas.

He said as China has a time-honored culture, bilateral cooperation can also be extended to science and technology.

"There is much that I am willing to do in this regard," Kohl said.

Both Qiao and Kohl shared a common view that a series of agreements signed between the two countries during Kohl's visit to China last November will be fully implemented.

Kohl said: "What we have promised will be surely abided by."

He stressed, "China has always supported Germany's reunification while Germany supported China's reunification in the past and will continue to do so in the future."

During the meeting, Qiao briefed Kohl on China's domestic situation and reforms.

"We hope for an early resumption of China's status as a signatory party to the General Agreement on Tariffs and Trade (GATT)", which will make China's economic relations with countries all over the world to take onto the normal way," Qiao said.

Tibet Issues Discussed in Bonn

OW2101025294 Beijing XINHUA in English 0235
GMT 21 Jan 94

[Text] Bonn, January 20 (XINHUA)—A top Chinese legislator denied today the allegation that a great number of the Han nationality have moved to live in Tibet and that Tibet's national customs and religious belief have been abolished.

Qiao Shi, visiting chairman of China's National People's Congress (NPC) Standing Committee, made these remarks at a meeting here with Hans Sterken, chairman of the Foreign Affairs Committee of the German Federal Assembly.

He said there are a total of 56 nationalities in China. Those minority nationalities are practicing national autonomy according to their own actual conditions.

Qiao added that Tibet has for many years exercised national autonomy.

For a long time, it had a population of only one million and now its population rises to two million-odd of which 96 percent belong to Tibet nationalities. "So there does not exist such a problem that a great number of the Han nationality have emigrated to Tibet," he said.

On China's labor force, Qiao said it is inevitable and reasonable that during the socialist transitional period, there exists the flow of labor force.

He expressed the belief that such kind of situation will be eased after many enterprises run by townships and villages in the rural areas have sprung up.

During the meeting Qiao also exchanged views with Sterken on international situation and bilateral ties, reaffirming that China's foreign policy is consistent.

Today Qiao also met on the separate occasions with Hans-Ulrich Klose, chairman of the parliamentary group of the Social Democratic Party, and Ludwig Glos, first vice-chairman of the parliamentary group of the Christian Democratic Union—the Christian Social Union.

Munich Arrival 20 Jan Reported

OW2101025994 Beijing XINHUA in English 0239
GMT 21 Jan 94

[Text] Munich, January 20 (XINHUA)—Qiao Shi, chairman of China's National People's Congress (NPC)

Standing Committee, arrived here this evening from Bonn via Stuttgart, capital of the Baden-Wuerttemberg State.

Upon their arrival here, Qiao and his wife Yu Wen and their party were greeted by Wilhelm Vorndran, president of the Bavaria State's Parliament.

During his short stay in Stuttgart, Qiao visited a well-known German auto company—Mercedes-Benz.

This morning, Qiao and his party attended a meeting in Bonn held by the German Federal Assembly.

Extending her warm welcome to Qiao Shi, Rita Suessmuth, president of the Federal Assembly, wished China peace, prosperity and greater successes in reform.

Qiao is paying an official goodwill visit to Germany at the invitation of Suessmuth.

Wu Yi Receives Finnish Minister of Development

OW2101093794 Beijing XINHUA in English 0800 GMT 21 Jan 94

[Text] Beijing, January 21 (XINHUA)—Wu Yi, Chinese minister of foreign trade and economic cooperation, met and had a friendly talk with Toimi Kankaanniemi, visiting Finnish minister of development aid and cooperation, here this afternoon.

Kankaanniemi and his six-member entourage arrived here earlier today to discuss issues on loans and technical aid.

Wei Jianxing Receives Danish Delegate

OW1801141694 Beijing XINHUA in English 1400 GMT 18 Jan 94

[Text] Beijing, January 18 (XINHUA)—Wei Jianxing, member of the Political Bureau of the Communist Party of China (CPC) Central Committee, met here today with a delegation from the Danish Social Democratic Party headed by its Vice-Chairman Ove E. Dalsgaard.

The delegation arrived here Monday [17 January] for a week-long visit to China at the invitation of the International Liaison Department of the CPC Central Committee.

Tibet Secretary Attends French Communist Congress

OW2101040294 Beijing XINHUA in English 0330 GMT 21 Jan 94

[Text] Beijing, January 21 (XINHUA)—Chen Kuiyuan, member of the Central Committee of the Communist Party of China (CPC) and party secretary of the Tibetan Autonomous Region, left here for Paris this morning to attend the 28th congress of the French Communist Party.

Chen went to France at the invitation of the French Communist Party.

Mayor of Guangzhou Links Trade to European Ties

HK2001102494 Hong Kong WEN WEI PO in Chinese 20 Jan 94 p A11

[Report: "Guangzhou Mayor Li Ziliu Stresses Deterioration of Sino-British Relations Will Unavoidably Affect Economic Interests"]

[Text] Guangzhou Mayor Li Ziliu indicated that Guangzhou's large-scale construction projects will be open for tender by foreign companies on the basis of the principle of fairness. However, the authorities will also take into consideration the political background of the relevant foreign companies, and those which attempt to impair the interests of our country will not be welcome.

Li Ziliu noted at a public occasion in Macao that after China and France have resumed normal diplomatic relations, French companies can join the others in tendering for all construction projects in Guangzhou on the basis of mutual benefits and equality. However, French companies missed many opportunities during the initial stage of Guangzhou's subway construction. Now, they are mainly engaged in software projects.

Li Ziliu added: Generally speaking, Guangzhou is mainly concerned with the real strength of the companies concerned when assessing their tenders. However, "if Sino-British relations continue to deteriorate, the economic interests of both sides will unavoidably suffer losses," he indicated.

Political & Social

Red Cross Ends 'Positive' Talks on Prison Visits

HK2001085094 Hong Kong AFP in English 0831 GMT
20 Jan 94

[By Gilles Campion]

[Text] Beijing, Jan 20 (AFP)—The International Committee of the Red Cross (ICRC) said Thursday [20 January] it had completed a first round of "positive" talks with the Chinese Government on making possible visits to political prisoners.

A four-member Red Cross delegation, led by the general delegate for Asia and the Pacific, Jean-Michel Monod, held meetings with officials from the foreign affairs and justice ministries from Sunday to Thursday.

"This first structured meeting should allow us to go farther with the talks," Monod told AFP, adding: "The contact in itself was positive, and it's a good first step. We have begun to identify the points where we agree and where we differ."

The talks come as Washington hikes pressure on China for progress on human rights, raised by U.S. Treasury Secretary Lloyd Bentsen during his visit to Beijing, observers said.

Monod refused to link his negotiations to the dispute between Beijing and President Bill Clinton, who has threatened to scrap the lucrative "most-favoured-nation" customs access for Chinese imports if China fails to improve its record on human rights.

"It is unlikely that an agreement between the Chinese government and the ICRC would be signed before June," Monod added. "To negotiate such a document is a long-term job, and the talks could go on for several years if there is no consensus within the government."

In November, just before the summit meeting between Chinese President Jiang Zemin and Clinton in Seattle, Chinese Foreign Affairs Minister Qian Qichen said: "If the Red Cross asks to have such talks (on the visit to Chinese prisons), we will consider this request in a positive manner."

Another contact was made in November, at the ICRC's headquarters in Geneva, to focus on the details of the first round of talks.

"The Chinese asked good questions during this meeting (in Beijing) and in view of the quality of these questions, there is an interest in learning," Monod said. The negotiations, he said, would take "at least several months...we have no interest in pushing them. The decision will come when they have all the necessary facts." The ICRC has been asking unsuccessfully "at least since 1985" to visit Chinese prisons, Monod said.

"We have decided to completely explain the ICRC's work in order to avoid a lack of understanding and disagreements," Monod said. "It's necessary that we begin to agree on the type of detainees of we are talking about. These are not common criminals, but individuals detained because of their activities or events," he said. "We are going to see what the difficulties are for the Chinese, and we will consult our experts to try to iron out these difficulties," he said, adding that a second meeting would be set up "in a few weeks," in Geneva or Beijing.

The delegation, which left Beijing Thursday, included Angelo Graedinger, chief of the Geneva-based ICRC's prison division, Christophe Swinarski, regional delegate for East Asia and Daniel Glinz, delegate for East Asia.

The ICRC is concerned with humanitarian needs, not human rights, and holds to a rule of confidentiality, which prohibits it from publishing its reports and allows the organization to mention the reports only to the authorities of the visited country. Analysts said that the confidentiality probably appeals to the Chinese government. Organizations which defend human rights in China, of which there are many financed by the United States, irritate Beijing with their publicized actions. According to the Chinese ministry of justice, China has 1.2 million prisoners, of whom 3,600 are described as "counter-revolutionaries."

Bao Tong Release on Parole 'Rumored'

HK2101024694 Hong Kong LIEN HO PAO in Chinese
21 Jan 94 p 2

[By reporter Shih Lei (4258 4320) from Hong Kong]

[Text] While it was rumored that pro-democracy activist Wang Juntao would soon be released, it was also recently rumored in Beijing that the authorities were considering releasing Bao Tong on parole, who was the political secretary for former CPC General Secretary Zhao Ziyang.

According to sources, after CPC General Secretary Jiang Zemin met with U.S. President Clinton last November and after former U.S. President Bush recently visited Beijing, the CPC authorities discussed the release-on-parole of Wang Juntao and Bao Tong in order to show their attention to human rights and their intention of improving relations with the United States. It was said that most people agreed that Bao Tong should be released first on parole, because Bao was sentenced to only seven years' imprisonment and his prison term would expire in less than three years. Moreover, Bao Tong is quite old and he was a member inside the establishment (or inside the party). He would not do or say anything unfavorable to the authorities after being released. However, former President Bush and incumbent U.S. President Clinton did not mention the release of Bao Tong, so the Beijing authorities have not decided whom they will release first, but the result of the discussion was only that one of them would be released.

Reportedly, when meeting with Jiang Zemin in Seattle last November, Clinton hinted that if the CPC authorities did not take concrete action to improve China's human rights conditions, it would be difficult to extend China's most-favored-nation status next June. During Bush's recent visit to Beijing, Bush once again brought this message to the mainland authorities in moderate words.

The CPC top authorities have decided to release a certain prisoner as an expression of goodwill to the United States.

Commentator on Modernization, 'Hard-Boned' Spirit

OW2101125294 Beijing XINHUA Domestic Service in Chinese 0930 GMT 21 Jan 94

[RENMIN RIBAO 22 January commentator's article: "Modernization Requires the 'Hard-Boned' Spirit"]

[Text] Beijing, 21 Jan (XINHUA)—Thirty years ago, the Sixth Company of a Chinese People's Liberation Army [PLA] unit enjoyed great honor in the armed forces and was honored by the National Defense Ministry as "Hard-Boned Sixth Company" because of its steadfast combat readiness, strong militancy, toughened military skills, and strict military and administrative discipline. In 1985 after it was named by the Central Military Commission as the "Heroic Hard-Boned Sixth Company," the company became the only company in PLA history to have received the highest honor for two times. Over the past several decades, this heroic company has continued to perform new meritorious services in safeguarding the motherland and socialist construction; its "hard-boned" spirit has taken root, blossomed, and borne fruits throughout the armed forces; and many Sixth Company-typed companies have come to the fore one after another.

The CPC Central Committee and the Central Military Commission always speak highly of the Hard-Boned Sixth Company and its "hard-boned" spirit. Addressing an enlarged meeting of the military commission in 1977, Comrade Deng Xiaoping pointed out: "As far as companies are concerned, they are doing the right thing to emulate the Hard-Boned Sixth Company because the company's work style should not be the work style of one company alone. All companies, and even cadres at all levels, should study hard and train hard like the Sixth Company, and should have the political awareness of the company." While inspecting the company in 1991, Comrade Jiang Zemin stressed that great efforts should be made to promote the "hard-boned" spirit, saying that "hard-boned" spirit means never bow before any adversity, but dare to fight and be brave to sacrifice to seize victories.

The "hard-boned" spirit is a fine tradition and a precious spiritual wealth of our armed forces. During the war years, it was this spirit our troops counted on to fight strenuously, march forward courageously, and win one

victory after another. After New China was founded, it was again this spirit our armed forces have counted on in building themselves into modern and regular armed forces as well as in taking an active part in socialist construction and accomplishing missions of combating emergencies, providing relief, and rescuing people in distress. Because of their great contributions to China's economic revitalization and economic take-off, they have become important forces in socialist modernization.

The "hard-boned" spirit is also the Chinese nation's traditional spirit needed by people on all fronts of socialist modernization. Especially today when China has entered the stage of tackling key problems of reforming the economic system, deepening reform, opening up wider to the outside world, and gradually building a socialist market economic system, many new problems have to be resolved, and many hardships have to be surmounted. This requires our cadres and masses to emulate and foster the "hard-boned" spirit, defy all hardships, wage persistent and strenuous struggles, and move forward courageously until victory has been won.

To emulate and foster the "hard-boned" spirit, we must strive to arm our minds with scientific theory. Only when we are armed with Marxism-Leninism-Mao Zedong Thought can we have a firm and correct political bearing and a strong spiritual support. Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics has inherited and developed Mao Zedong Thought. If we earnestly study the third volume of the "Selected Works of Deng Xiaoping" and have a firm grip of the theory of building socialism with Chinese characteristics, we will have a firm conviction and be able to uphold the party's basic line without wavering under all circumstances.

To emulate and foster the "hard-boned" spirit, we must work hard to master the knowledge and abilities which modernization needs. Our modernization drive is an extraordinarily formidable and complex mission which cannot be accomplished with courage and zeal alone. It also requires real abilities and close integration of revolutionary spirit and scientific attitude. Comrades of all trades and professions must seize the time to study specialized knowledge and make constant efforts to improve their professionalism so that they can contribute their wisdom and talents to socialist modernization.

To emulate and foster the "hard-boned" spirit, we must take the interests of the whole into account and fight in unity. The key reason why we have been able to win in revolution and construction lies in the fact that our party and our people are a united whole. No matter how mighty it may seem, our personal strength and the strength of a small group are tiny, and only when our strength converges and pools together can it become an indomitable force. During the course of reform, opening up, and modernization, we must submit our personal, partial, and local interests to collective interests and the

interests of the whole so that our party and the people of the country can become more united, and so that our strength as a whole will be even stronger.

The "hard-boned" spirit has strong characteristics of the time. While this spirit was needed in the past and is needed today, it will be needed in the future forever. In the future when our country's socialist modernization has developed with great vitality and when the people's living standards keep improving, the "hard-boned" spirit will continue to be the spiritual pillar supporting us to combat hardships and move forward, and it will continue to shine and go down from one generation to another when we are accomplishing our great cause.

Deceased Shipyard Chief 'Good Example'

HK1401150394 Beijing RENMIN RIBAO in Chinese
5 Jan 94 pp 1, 2

[By staff reporter Zhang Shuzheng (1728 2579 2398):
"Good Example for Entrepreneurs—Notes on Deeds of
Chen Wensong, Director of Dalian Shipyard"]

[Text] On 1 October 1992, Chen Wensong, the famous 49-year-old shipbuilding expert and Dalian Shipyard director, passed away, leaving behind his utter devotion to the motherland's shipbuilding industry and the workers and staffers who had worked together with him day and night. As a communist, he realized his faith through his actions. Just as he wrote in a "self-appraisal": "The fact that I am appointed director of a shipyard with 10,000 workers and staffers proves the party's trust in me and only by working hard, heart and soul, will it be possible for me to live up to the party's expectations."

I.

In the summer of 1985, Chen Wensong was promoted from deputy chief engineer to deputy director in charge of operations and soon after that he was appointed deputy director in charge of routine affairs. At that time, the enterprise had contracted debts of over 100 million yuan because of a foreign businessman's bankruptcy which caused him to cancel an order for a vessel the yard was building and there were few domestic orders for vessels for civilian. With production tasks inside the shipyard basically canceled the enterprise had landed in an operations "trough."

At a meeting of the shipyard's decisionmaking team, Chen Wensong stated: "We should compete in the world market!" Unfortunately, the wave of shipowners going bankrupt affected half the shipyards in the world, and Dalian Shipyard had no scope to exercise its ability in opening the world market. Nevertheless, a strange phenomenon surfaced: Many foreign shipowners visited Dalian Shipyard making inquiries about prices and placing orders for vessels; in 1986 alone, the management received some 230 foreign visitors in that category.

Some people in the shipyard could no longer maintain their calm and were in favor of accepting the shipbuilding orders.

At a meeting of the shipyard leading body, Chen Wensong soberly analyzed the prices offered by those foreign shipowners as well as shipbuilding trends and cost, then flatly said: "No! We cannot accept these orders! This strange phenomenon is actually a trick being played by some speculators to take advantage of the recession in the world shipbuilding industry by suppressing prices to speculate in vessels. Should we accept a large number of shipbuilding orders, that would be like drinking poison to quench a thirst." Chen Wensong's proposal was accepted. The shipyard decided: Shipbuilding activities should be temporarily axed and ship repair services and nonshipbuilding activities expanded, while waiting for opportunities to accept shipbuilding orders.

Through two years of hard struggles the shipyard's output value for ship repair services soared, ranking top in the trade across China; its diversified operations entered the large equipment arena in the petrol chemical, metallurgical, and energy resource industries, with such pillar products as large steel structural parts such as boilers and steel-making converters taking shape. In 1985, the most difficult year for the enterprise, Dalian Shipyard still made a profit of 780,000 yuan and, in 1986, the profit was 14 million yuan.

In 1988, there was a turn for the better in the world vessel market; for many shipyards it was like enjoying a great rainfall after a long drought, while accepting shipbuilding orders for export in batches. Through a detailed and meticulous market survey, Chen Wensong believed that the trend for vessel prices to go up would continue; prices for equipment and raw materials would continue to climb; and the time for accepting shipbuilding orders in batches was just not mature.

Soon, vessel prices on the world vessel market rose by a wide margin. At this point, Chen Wensong made a suggestion to the shipyard leading body: "Seize the opportunity, accept shipbuilding orders as quickly as possible and go all out to expand the proportion of shipbuilding." Soon, the shipyard signed contracts to build two vessels for export, one with a tonnage of 75,000 and the other 45,000, with an export transaction volume of \$118 million.

In 1991, when the Gulf war came to an end, the prospects for the world ocean shipping business industry remained hazy and many shipyards were wavering and waiting to see. By that time, Chen Wensong had already been promoted to shipyard director; he had long been sending men to find out about the market conditions and came to the conclusion that a thriving situation in the world ocean shipping business was at hand. He took the lead in signing a contract to build a 60,000-ton oil tanker for the domestic market, creating a record in vessel prices on the home market; he was commended by the All-China Shipbuilding Industry General Company for

the good beginning he had achieved for shipbuilding at home. After that, Director Chen seized the opportunity of the further rise in prices on the shipbuilding market and accepted a series of shipbuilding contracts for seven vessels with a total tonnage of 340,000, thus the shipyard's order books were full until 1994.

The success of Chen Wensong and leading members of other factories in the shipyard in their decisionmaking brought vitality to the enterprise.

Chen Wensong believed that to have a place in the world shipbuilding market, it was imperative to accelerate the process of the enterprise entering the world advanced ranks in shipbuilding. This 1965 straight-A graduate from Shanghai Jiaotong University, specializing in shipbuilding electrical engineering, had a solid theoretical foundation and a very high managerial level. He had command of three foreign languages and paid attention to studying science, technology, advanced managerial experiences of capitalist countries; had mastery of vessel design, manufacturing, and the financial affairs of a large shipyard and also the knowledge and skill to conduct talks about commerce and trade; and had gradually become an expert in shipbuilding electrical engineering, vessel design as well as a fine entrepreneur running a modern shipyard, who was renowned at home and abroad.

Today, the international shipbuilding industry is rapidly advancing toward the large and high-grade direction. Chen Wensong led the enterprise in keeping track of modern shipbuilding technology, making proposals and participating in the implementation of some important technological transformation projects. In the past, the No.3 dock in the old area could only manufacture vessel up to a tonnage of 30,000; through transforming the dock, production, and installing cranes weighing 1,600 tons, it was able to turn out large vessels with tonnages of up to 80,000. Chen Wensong's efforts can be seen in the completion and perfection of the production capability of the shipyard's new area with the building of a dock with a tonnage capacity of 100,000; with the importation and installation of a crane with a capacity of 580 tonnes, the largest of its kind in China and with the building of another shipbuilding dock with a tonnage capacity of 200,000 still under construction.

Chen Wensong worked hard in arduous exploration to shorten the shipbuilding period. When building the No. 3 vessel with a tonnage of 35,000, he persisted in keeping track of the production department's monthly plan and the workshop schedules, promptly harmonizing and resolving problems surfacing in production. As a result, the production period was 214 days shorter than that of the No. 2 vessel of the same type; the period of being anchored at the dock's berth was 103 days shorter than No.2 vessel; the date of delivering the vessel was 5 months and 21 days ahead of the contracted date; and five vessels in the same batch were all delivered ahead of schedule, with the realization of the operational goal of turning out two additional vessels within a year.

II.

In the summer of 1990, the relevant state department decided that Dalian Shipyard should be split into two, with the establishment of a new enterprise—Dalian New shipyard. When the old shipyard was split, a number of technological backbone and important equipment was also transferred along with some workshops and land. The enterprise faced great difficulties in production and sentiments of fearing difficulties surfaced among workers and staffers in the old shipyard.

It was true that the pressure on Director Chen's shoulder was greater than on anybody else. However, he had a staunch party spirit, a concept of the overall situation, and felt quite at ease. At an assembly for cadres of the whole shipyard, he mobilized them, saying: "In viewing a matter, we must proceed from the overall situation of the country. Cadres who are party members should pay attention to party spirit and show consideration for the overall situation. What we should do today is to create conditions and formulate measures to do a better job of building the old shipyard. At the same time, we should support the new shipyard in carrying out large-scale production as soon as possible.

Soon, the old shipyard set out the production strategy of "renting land outside the shipyard, while tapping the potential inside the shipyard." In addition, it formulated the blueprint for construction characterized by "a three-step process to revitalize the old shipyard." They transferred 60 percent of movable fittings to enterprises in townships and towns for production, thus resolving the shortage of workshops and space in the shipyard. With the founding of the new application workshop, electronic computer center, and shipbuilding research center, solutions were found, in turn, to the shortages of equipment, technological forces, and scientific research organizations.

In the wake of the split, Chen Wensong paid special attention to the matter of style to do a good job of handling relations with fraternal shipyards. In July 1991, a crack appeared in the outer casing of a diesel engine on a vessel for export; the diesel engine manufacturing plant sought help from the shipyard to repair it. Chen Wensong immediately ordered the relevant leading members to send the shipyard's best welders to take charge of it without setting out any condition. In addition, the overtime differentials and bonuses for the welders in question were all taken care of by the shipyard itself. After 20 days of hard work, the shipyard workers fulfilled the task and the engine was repaired; consequently the good reputation of China shipbuilding products was maintained.

Dalian Shipyard has always possessed the fine tradition of party-government solidarity. After Chen Wensong took over the director's office, he placed very strict requirements on himself in every aspect and at all times. In a 1992 Director's Work Summary, he wrote: "The solidarity between the leading members of the party

committee, the administration, and the workers' trades unions is the prerequisite for the healthy development of the shipyard's situation, with its work continuously improving. In our shipyard, the chief responsible persons of the party committee and the committee, administration, and workers' trades unions are able to unite as one." At the routine meeting for the shipyard directors, over which Chen Wensong presided, he always invited the participation of the leading members of the party committee and the workers' trades unions to jointly discuss the shipyard's major affairs.

Chen Wensong had been chief architect, chief supervisor in manufacturing, team leader for vessel delivery, and chief overseer on site, with many of the vessels being awarded national gold or silver prizes. Some of his theses on building modern berths and dockyards, as well as new shipbuilding technology, attracted the attention of ocean shipping and academic circles as well as top-echelon state leadership. Time and again he provided opportunities for others to be assessed for senior professional titles. However, the title of "national-level middle-aged and young expert with conspicuous contributions" was specially approved for him by the relevant state department, on the report submitted by the shipyard and city leadership without his knowledge when he was on his death bed.

Chen Wensong's home was very simple, displaying no high-grade furniture or electric home appliances. Aside from a color TV set, there was no camera, recorder, audio or video recorder.

Nevertheless, he left a very precious spiritual wealth.

Chen Wensong was a famous "Three-Seven cadre"; he started work at 0700, called it a day at 1900 and, for many years, he would accept only a monthly seven-yuan bonus.

With the exception of occasions involving foreign affairs, Chen Wensong was always in his overalls and safety hat, placing himself among the workers. He persisted in the shipyard's system of cadres participating in manual labor; when he was a workshop cadre, his record of manual labor exceeded 100 days each year; when he became an office cadre, his record of manual labor exceeded 25 days a year; and when he became a cadre at factory-level, his record of manual labor was not less than 20 days.

All the waiters at the Beijing China Shipbuilding Industry General Company guest house knew that Director Chen was the "most important guest" with the least requirements; he would never pick a better room so long as there was a bed for him to sleep on. Once, Chen Wensong went to Guangzhou for talks and the shipowner made arrangements for him to stay at the White Swan Hotel; however, he would not stay there but was bent on booking into a small hotel and "a room for three" at that. With tears in his eyes, Wang Anguo, the shipyard operational department head, recalled: "On that occasion, the shipyard accepted an order worth 100

million yuan but Director Chen would not think of the expense of a hotel single room!"

In recent years, the shipyard authorities built a number of residential buildings for staffers and workers, while providing a thousand or so households with gas tanks. Wang Xuejin, an electrical workshop worker said: "I have two children, one big boy and one big girl, and our living quarters seemed a bit crowded; somehow Director Chen heard about our situation and allotted me a large three-bedroom unit. Only recently I found out that Director Chen had a big boy and a big girl, too, in addition to his two old parents; however, his housing conditions were poorer than mine, a common worker."

III.

An extraordinarily big storm attacked the Liaodong Peninsula.

At around 2000 on 1 September 1992, Chen Wensong had just completed his report to the relevant leading member of the Ministry of Personnel and returned home. He got a telephone call from the shipyard saying that water had flooded No. 207 warehouse in the Xian-glujiao new area.

Director Chen waded in the flooded warehouse, carrying sand bags to block the water while directing people and trucks to hurriedly move equipment and raw materials away. At this particular moment, he felt pains in his chest and trembled all over; beads of sweat ran down his brow and face.

At dawn, the rush to deal with the emergency was over. Director Chen drove his car straight from the No. 207 warehouse to the shipyard area to inspect every berth, warehouse, and workshop along the waterfront that stretched 10 li. In the storm he strove, together with the workers and staffers accompanying him, giving orders while pushing a "great crane" that had been swept away by the waves to a safe zone. When the sun rose, he went to the office and began a new day's work.

Back in early April 1992, Chen Wensong felt a dull pain in the left side of his abdomen. He went to the hospital for a checkup and it was found that there was a lump, 2 by 2.8 mm, between his liver and stomach. The doctor suggested an operation for further examination. At that time, Luo Yumin, deputy director and concurrently the shipyard's chief engineer was hospitalized for emergency treatment of metastasis cancer; on the eve of "1 May," a vessel was to be launched and another was to be delivered so Director Chen was really too busy! Thus, the checkup was put off.

By July, he often felt dizzy, thus he asked a doctor from the factory hospital to give him an infusion [shu ye 6551 3210]. He persisted in his work.

It was a holiday on 15 July. Engineer Liu Shande, the shipyard technology section chief was looking for Director Chen for a chat. He could not find him anywhere around his residence and, in the end, he went to

the director's office and found the director reading documents while having his infusion.

By 3 September, his case had actually grown very serious but Chen Wensong had already been working almost continuously for 48 hours. This tough guy eventually collapsed.

The related state department, and the provincial as well as city leadership gave instructions to do everything possible to save Chen Wensong's life. However, the experts and professors who made the diagnosis report on Director Chen's case were shocked: The lump which had not been properly defined in the past had now developed into a rare case of choriocarcinoma and had expanded to such internal organs as the stomach, liver, and lungs.

On his deathbed, Chen Wensong expressed a communist's sentiments to the party organization: "My thanks to the party and government leadership at various levels for their concern for me during this period. Should the treatment fail, I will have no complaints whatsoever. I will leave everything to do with my family to the organization's arrangements; I personally require nothing. I hope that everyone will do a good job from now on; the leading body should unite as one to do a good job of the shipyard. I have not done enough work at the shipyard, and I want very much to go on working...."

Former 'Educated Youth' Leader Profiled

HK2001065494 Beijing CHINA DAILY in English
20 Jan 94 p 6

[By staff reporter Huang Jibing: "Tang Helps Those Who 'Learned' the Hard Way"]

[Text] When Tang Chaoming was 20, he held the highest position among the "educated youth" who were moved in 1974 from Sichuan Province to neighbouring Yunnan to help build China's largest rubber and coffee plantations.

Twenty years later, at 40, Tang is general manager of the only firm in Sichuan's capital, Chengdu, which strives to employ former "educated youth."

And the firm markets Yunnan's products in Sichuan.

"My life has been closely linked to the red soil in Yunnan—first as a worker producing its products and then as its 'salesman'," said Tang, a soft-spoken, heavy set man.

In 1971, at the height of the "Cultural Revolution" (1966-76) Sichuan sent 40,000 high school graduates to build Yunnan's plantations.

The drive was in response to Chairman Mao Zedong's call for educated youth to work in rural and less developed areas and to receive re-education from the peasants.

"We felt proud of being chosen to work in Yunnan following Chairman Mao's call," said Tang. "But we never expected the hardships we encountered there."

After a day's train ride and four days' walk, Tang and the other 18 year-olds reached a farm run by the Yunnan Provincial Wasteland Reclamation Bureau.

The farm was surrounded by rugged mountains and almost completely cut off from the outside world.

The students felled trees to build shelters and reclaimed wasteland to plant crops to feed themselves. The rules were strict: No one was permitted to leave the farm without permission.

"Because of the harsh living conditions, many of us wept when we arrived," Tang recalled. "I was also shocked by the wilderness, but determined to do all I could." Shortly after he arrived, Tang was appointed a section director. He quickly became popular because he was among the hardest workers and was always ready to help the weak.

Tang rose to become deputy director of the reclamation bureau in 1974, taking charge of the branch's planting of coffee shrubs and rubber trees.

"When cold weather came, we used our coats and quilts to cover the rubber and coffee trees to save them from damage," Tang said.

With the notion that man could triumph over nature, Tang and his colleagues had no inkling that some of the hilly areas where they laboured were unsuitable for growing coffee and rubber.

Worse, like most Chinese at the time, they had no conception of the market and reasonable production costs.

The stuff the "educated youth" produced was often stockpiled because their costs were too high.

"For example," Tang said, "it cost 8,000 yuan (\$1,400) for us to make one ton of rubber, while it cost 2,000 yuan (\$350) less to import a ton from Malaysia."

After eight years and the failure of some of their ventures, the "educated youth" became disillusioned and wanted to return to Sichuan.

"I also was disillusioned and I quit," Tang said.

He found a job in the Agricultural and Animal Husbandry Department of Sichuan Province. But he did not like the dull routine and resigned after four years.

He and three former "educated youth" founded a photo studio. From there, they set up a firm distributing home decoration materials.

In 1991 a group of former "educated youth" held a photo exhibition in Chengdu to mark the 20th anniversary of their arrival in Yunnan.

Most "educated youth" living in the area attended. Many were so moved they cried. Some returned daily, hoping to see friends they once knew.

Encouraged by the people he met at the exhibition, Tang dissolved his firm and raised 2 million yuan (\$351,000) with some former "educated youth" to launch the shareholding Chengdu Chuandian Industrial and Trade Corporation in January, 1992.

Chuandian stands for Sichuan and Yunnan.

"By connecting the two provinces, we hope to continue to contribute to the Yunnan plantations where we devoted the best years of our lives," Tang explained.

They became more fervent about their goal after a survey by the United Nations Development Programme declared that coffee beans grown in Yunnan were better than beans from Colombia, South America.

They were further encouraged by news that the United Nations had invested nearly \$10 million to help Yunnan import coffee packaging and production equipment from Europe.

What Tang's former work camp and now Yunnan's largest coffee producer needed was access to a larger market.

This was where Tang and his colleagues at the Chengdu Chuandian Industrial and Trade Corporation could help.

For nearly two years, Tang's firm has spent huge sums of money advertising Yunnan coffee in Sichuan's media. Tang and his colleagues also have taken advantage of their status as former "educated youth" and rallied the support of their former compatriots who now hold important positions in different sectors in Sichuan.

"Because of their special feelings for Yunnan, many former 'educated youth' are willing to help its coffee find a place in the Sichuan marketplace," Tang said.

Their efforts have paid off. Yunnan coffee broke into the market in 1992 and was purchased by 30 large hotels and shopping centres in Chengdu. Tang's firm alone sold over 40 million yuan (\$6 million) worth of Yunnan coffee.

Last year, most large hotels and shopping centres in Chengdu and some other cities in Sichuan sold Yunnan coffee. Sales at Tang's firm alone registered more than 80 million yuan (\$14 million).

Tang ascribes much of the success to the firm's employees.

"As former 'educated youth,' we work hard and can bear hardships," Tang said. "And, we co-operate with each other."

Because Tang's firm is the only Chengdu company which promotes its allegiance with "educated youth," some of

them have applied to the firm for assistance when they've lost jobs or suffered setbacks in business.

Tang has done his best to help them, said Chen Dawen, an employee of the firm.

Last year, a Yunnan Province girl wrote Tang's company saying she had been born 17 years ago to an "educated youth" who was forced to abandon her when she returned to Chengdu.

The girl asked Tang to locate her mother.

Tang's firm not only found the girl's mother, now a teacher at Sichuan University. When it discovered the mother was too poor to move her daughter to Sichuan Province, it spent 40,000 yuan (\$7,000) for relocation expenses.

"The 'educated youth' paid a heavy price in the past," Tang said. "As their former leader, I'm duty-bound to help them today."

Jiang Zemin Visits Beijing Food Markets

OW2001052194 Beijing XINHUA Domestic Service in Chinese 1202 GMT 19 Jan 94

[By RENMIN RIBAO reporter He Jiazheng (0149 0502 2973), Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391), and XINHUA reporter He Ping (0149 1627)]

[Text] Beijing, 19 Jan (XINHUA)—The state of the "shopping baskets" of urban and rural residents is a matter of great concern to the party and government. Yesterday morning, Jiang Zemin, general secretary of the CPC Central Committee and president of the state, visited the Science Town market in Haidian district, the Haizhong farm trade market, and the Wangfujing department store to acquaint himself with the state of market supplies and commodity prices prior to the Spring Festival. Jiang Zemin said: Fuel, rice, cooking oil, salt, soy sauce, vinegar, and tea are the seven daily necessities for people. A small "shopping basket" affects thousands of households, as well as social stability. Neither reform nor development can be separated from stability. All matters that affect people's basic lives and vital interests are of prime importance. Party committees and governments at all levels, as well as all work departments, must place these matters at the top of their agendas and devote great efforts and close attention to solving them with a deep sense of responsibility. No oversight or negligence of duty is permitted in handling such matters.

Comrade Jiang Zemin; Chen Xitong, member of the CPC Central Committee Political Bureau and secretary of the Beijing Municipal Party Committee; and Beijing Mayor Li Qiyang arrived in the Science Town non-staple food market in a minibus before 0900 [0100 GMT]. Located in Zhongguan village, the market primarily supplies and serves district residents from the Chinese

Academy of Sciences and institutions of higher learning. Walking alongside shoppers, Jiang Zemin made inquiries to find out about commodity supplies, prices, varieties, and sales. He solicitously inquired about meat prices at the meat products counter. After finding out the prices of various meat products, he still showed some concern and asked: Were the prices lowered because of our visit today? The shop assistant told Jiang Zemin: We have used the same sales prices in recent days. At the general merchandise counter, Jiang Zemin made detailed inquiries about the shop assistant's working and living conditions, and the shop's business hours. He said: Workers and staff members at institutions of higher learning are busy in the daytime; we must ensure that they can buy food after work. At the entrance to a shop, Jiang Zemin shook hands with the shop's responsible individual and advised the latter: You must provide a good service to intellectuals and customers.

After leaving the Science Town market, Jiang Zemin went to the nearby Haizhong farm trade market. The owners of more than 400 individual stalls in the building came from Shandong, Anhui, Henan, Hebei, and other provinces. These self-employed business operators from the countryside were pleasantly surprised by the general secretary's arrival at their counters. At a vegetable stall, Jiang Zemin asked about the prices of ginger, eggplant, French beans, chilis, and other vegetables and was advised of the stall's daily income. The owner, Zhao Xingfan, is a peasant from Baoding, Hebei Province. After finding out, to her surprise, that the customer who was making inquiries was the general secretary, the sincere and honest village woman said excitedly: General Secretary, it was very nice of you to have taken the trouble to come here. As he walked from one counter to another and proceeded from the first floor to the second, Jiang Zemin was greatly delighted by the brisk business and the wide selection of agricultural and sideline products at the market. At a meat counter Jiang Zemin specifically asked the owner whether the meats had been quarantined. He said emphatically: We must implement a strict quarantine system for all foods because consumers' health and safety are at stake. At another counter, Jiang Zemin struck up a conversation with a customer who was buying goods there. The customer was a female teacher from the No. 3 Zhongguan village primary school. Jiang Zemin asked: Is it convenient to buy goods here? After receiving a positive reply, he nodded in contentment and told the leading Beijing municipal comrades around him: Brisk business at country markets has enriched urban and rural markets; this is very important. Meanwhile, we must run state-owned shops efficiently and let them truly play their role in bringing prices under control, stabilizing the market, and ensuring supplies.

At approximately 1000 (0200 GMT), Jiang Zemin arrived at the Wangfujing department store in downtown Beijing. Offering a wide array of goods, the department store was crowded with customers prior to the holidays. When he saw some high-class and brand-name

garments in the clothing section, Jiang Zemin asked a shop assistant: Do the garments sell well? The shop assistant replied: More and more people are buying high-class commodities because their living standards have improved. In the footwear and headgear section, Jiang Zemin struck up a cordial conversation with a young couple from the Huabei oilfield and asked them if they could afford the prices. Upon learning they were newlyweds, Jiang Zemin joyously congratulated them.

Shortly afterward, Jiang Zemin held informal discussions on market prices and supplies with responsible individuals and shop assistants from the Department Store (Group) Limited Company, shop assistants from the Xidan market and Chongwenmen vegetable market, comrades from the Andeli Neighborhood Committee in Dongcheng district and the Fengsheng Neighborhood Committee in Xicheng district, and price supervisors from Beijing Municipality, in order to directly hear their opinions. Participants in the discussions said: Fifteen years of reform and opening up have brought about very brisk commodity markets; people no longer have to worry about rationed supplies. On the other hand, commodity prices have undergone some changes during the process of socialist market economic development. The broad masses of people understand this situation. Recent substantial increases in grain and cooking oil prices, however, have indeed affected people's lives, especially the lives of retired workers and staff members.

After hearing their remarks, Jiang Zemin said: An ancient Chinese saying goes: "Food is the people's primary concern." We should never underestimate the importance of residents' "shopping baskets" because they have a direct bearing on overall economic and social stability. The goal of our party and government is to serve the people. Therefore, our leading organs at all levels and the broad masses of cadres must always show concern for the people's livelihood, serve the people's interests in real earnest, conscientiously eliminate inconveniences and difficulties for the people, and provide them with adequate supplies.

Jiang Zemin pointed out: Properly handling price-related work is of paramount importance. This is the general principle: We should always maintain commodity prices at levels that are affordable to urban and rural residents, as well as to people throughout society. This will help improve people's lives and benefit economic development and social stability. He said: Consumers in some areas scrambled to buy grain, cooking oil, and home electrical appliances for a time after late November in 1993. This was not caused by inadequate supplies or an imbalance between supply and demand; rather, it mainly resulted from a lack of experience in effectively regulating and controlling prices after grain and cooking oil prices were freed, and from price rises introduced by people who were seeking their own individual interests. Moreover, we did not sufficiently understand some reform measures that had been put into effect. The party Central Committee and the State Council placed great importance on this problem and

promptly introduced many measures to stabilize the market, bring prices under control, and tighten regulation and control. The market is now moving toward a stable state and has essentially resumed normal operations.

In his remarks, Jiang Zemin fully affirmed the work carried out by neighborhood committees and stated: Neighborhood committees are important bridges that bring the government and people closer together. They can help the party and government solve many problems and difficulties encountered by residents, defuse many contradictions among the people, and play a tremendous role in enhancing people's unity and promoting social stability. These vividly epitomize the superiority of the socialist system. In keeping with the new situation, we must greatly strengthen the work carried out by neighborhood committees; we should by no means weaken it.

To ensure market supplies, Jiang Zemin urged leading cadres at all levels to go down to the grass roots and continue to devote great efforts to the "shopping basket" project. Departments in charge of industry and commerce, commodity prices, technical supervision, and market administration at all levels should strengthen management; sternly deal with and punish people who commit such illegal acts as seizing the opportunity to drive up prices, disrupting market order, selling fake and inferior products, seeking huge profits illegally, and entrapping people; and achieve better results in stabilizing the market. He said: The Spring Festival is approaching. All localities and departments must take practical and effective measures to take care of people, especially those in poverty-stricken areas, and make proper arrangements for supplies during the holidays so that people across the country will joyously celebrate the traditional festival.

In closing, Jiang Zemin expressed his thanks for and conveyed his greetings on behalf of the party Central Committee and the State Council to workers and staff members who were working hard on the commercial and trade front.

Accompanying Comrade Jiang Zemin during his investigations and studies were Zeng Peiyan, vice minister of the State Planning Commission, and Hu Guangbao, deputy director of the CPC Central Committee General Office.

Li Ruihuan Inspects Heilongjiang 4-7 Jan

OW2101052994 Beijing XINHUA Domestic Service in Chinese 1119 GMT 7 Jan 94

[By reporter Wang Laixi (3769 0171 0823)]

[Text] Harbin, 7 Jan (XINHUA)—Li Ruihuan, member of the Standing Committee of the CPC Central Committee Political Bureau and chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], emphatically pointed out during his inspection of Heilongjiang Province: Spring

Festival is a traditional holiday to which Chinese people attach great importance. Prior to the festival, cadres at all levels should visit the masses, particularly the enterprises and families with difficulties, hold heart-to-heart talks with them, provide warm services to them, do practical things to help the poor, and help them spend a nice Chinese New Year.

During the 4-7 January inspection, Li Ruihuan was accompanied by Sun Weiben, secretary of the Heilongjiang provincial party committee; Shao Qihui, governor of Heilongjiang Province; and Zhou Wenhua, chairman of the Heilongjiang provincial CPPCC committee. He inspected large state-owned enterprises, institutions of higher education, and scientific research institutes, and sought their opinions. He heard a report on the work of the provincial party committee and fully affirmed the achievements of the provincial party committee and the provincial government in leading the broad masses of cadres and the people in seriously implementing the guidelines of the 14th Party Congress and the "decision" of the Third Plenary Session of the 14th CPC Central Committee, as well as in overcoming difficulties, promoting economic development, and maintaining social stability.

On the present work, Li Ruihuan said: We must see that China's present situation is very good. All localities are displaying great momentum in undertaking construction and seeking development and are maintaining a fairly high growth rate. Living standards have generally and remarkably improved. At the same time, we must also soberly realize that owing to various reasons, living standards for some people have not rapidly improved, and they are even having some difficulties. Under no circumstances should we forget them. We want to take greater steps to accelerate development, but in the final analysis, our purpose is to improve living standards. For this reason, we must consider the interests of people from all walks of life in the course of development. In particular, we must ensure that the masses will encounter no serious difficulties in basic everyday life.

Li Ruihuan said: While most people will no doubt benefit from the reforms, not every individual is entitled to benefit at the same time and to the same degree. If a reform measure changes the pattern of the masses' interests, we must undertake careful study and use every caution before promulgating it for implementation. After it is promulgated for implementation, we must closely follow changes in the situation and undertake necessary readjustments or supplementary work in good time. We should carefully observe the masses' feelings, seriously listen to their opinions, and strive to help them overcome difficulties. This is the way to conform to the fundamental purpose of our Communist Party and ensure the smooth process of reform and opening up.

He emphasized: Spring Festival is also known as "year's barrier." It is our duty to help the masses with difficulties pass the "barrier." Cadres at all levels should know who among the masses needs help, visit their homes and

talk to them, and seek their criticism and suggestions, even if the criticism is not pleasant to hear. We should "send charcoal in snowy weather" and do all we can to help the masses solve practical problems. We should properly reduce other expenditures and use the money saved to meet the needs in this regard.

During the inspection, Li Ruihuan met with the responsible comrades of the CPPCC committees of Heilongjiang Province and Harbin City and exchanged views with them on how to strengthen democracy and the CPPCC organizations.

Zhu Rongji Visits Anhui, Comments on Reform

*OW2001011594 Hefei ANHUI RIBAO in Chinese
22 Dec 93 p 1*

[Report by Shen Zurun (3088 4371 3387), Ni Zhimin (0242 1807 2404), and Wang Wanqing (3069 8001 7230): "Seek Advice from Practical Work, Break Down the Barriers Obstructing Reform—Stories About Comrade Zhu Rongji's Inspection in Anhui"]

[Text] It was the year-end and midwinter. As the sons and daughters of the Chang Jiang-Hai He areas marched into the new year with high morale, Zhu Rongji, member of the CPC Central Committee Political Bureau Standing Committee and vice premier, came to Anhui to inspect and investigate how the province was preparing for certain major reforms the state is soon to launch. Over a period of several days, Vice Premier Zhu and his entourage, in the company of Anhui Provincial Party Committee Secretary Lu Rongjing and Governor Fu Xishou, braved chilly winds and snow to visit some grass-roots units and rural households and discuss reform and development with the cadres and masses.

Conduct on-the-spot checks of grain prices.

As the saying goes, "food is of paramount importance to the people." People in urban and rural areas are ill at ease with the recent increases in grain prices. Vice Premier Zhu's concern for the masses could be observed from the fact that, as soon as he arrived in Anhui, the first question he asked was: "What is the price of grain in Anhui?" When told that the provincial party committee and government had taken timely measures to stabilize grain prices, he praised Anhui for having set a good example for the whole country. To check that measures for holding down grain prices had really been implemented, he sampled two grain stores in Hefei.

When he visited the Wangdacheng village grain station in suburban Hefei, the station manager told Vice Premier Zhu that his station still could make a small profit because he bought hybrid rice at 0.64 yuan a jin and sold it at 0.68 yuan. The vice premier asked with concern: "Do you need state subsidies then?" The manager replied firmly: "Not a penny from the state." Vice Premier Zhu nodded with approval, and said: "I think that when a business is properly run, and when it is

willing to concede some profit, grain prices will not rise dramatically and the people will be satisfied."

It was getting dark and the provincial leaders asked Vice Premier Zhu to return to his residence to rest. But Vice Premier Zhu insisted on visiting another grain store. So he and some aides came to a grain store on Jinzai Road and chatted with the workers who were about to go home.

"How much does your grain cost?" "For nonglutinous, long-grain rice it is 0.78 yuan per jin; and for hybrid rice, 0.75 yuan per jin." "What was the price before June?" "It was 0.56 yuan per jin." "Why has the increase been so steep?" "I can't help it, the prices I had to pay were high." "It seems that when there are too many middlemen, the high service charge they collect jacks up grain prices." Vice Premier Zhu continued: "The current increase in grain prices is abnormal. It was jacked up by middlemen. Our food departments must play a major role at this time and take the initiative in regulating the market." A municipal leader immediately instructed the leader of the food bureau: "Provincial and municipal authorities have made a ruling. You should put up a notice tomorrow stating that the price of each jin of grain is 0.70 yuan, not 0.75 yuan." "You can rest assured, Vice Premier Zhu, that we will hold down the prices." All the onlookers applauded.

Conduct on-the-spot checks on tax officers.

Taxes are the country's financial pillars. To understand the preparations being made for the implementation of the new taxation system, Vice Premier Zhu made a surprise visit to a taxation office under the city taxation sub bureau while visiting Anqing. Tax officers did not expect Vice Premier Zhu's visit. They were surprised but pleased, and gathered around him.

In a round of applause, Vice Premier Zhu greeted everybody and asked: "The new taxation system will start on 1 January. Do you all understand the system?" The officers answered together: "We basically understand it because training classes have been held." "Then let me just test you. The first question is: Will the consumption tax cause price rises?" The officers immediately replied: "No, no. This question was discussed on yesterday's television program." Governor Fu Xishou, who accompanied the vice premier's visit, smiled and said: "No wonder you are all confident of your answer." "Let me ask you another question. The past practice of collecting product tax, business tax, and value-added tax is being changed. Now a single value-added tax will be collected. Do you understand this?" A young graduate from the Shanghai Jiaotong University said confidently: "Yes." "Those of you who are university graduates please raise your hands." Many hands were raised immediately. Vice Premier Zhu was pleased and said: "You are young and possess high educational qualifications. It seems you have studied the new taxation system rather well. I feel relieved about that knowing the new taxation law goes into effect on 1 January."

Vice Premier Zhu asked a woman chief at the city taxation bureau: "The new taxation system will be implemented soon. Have preparations been completed?" "Basically there is no problem. We have just received 7,000 receipt books, which will be distributed soon to the officers in charge of the task." "Can you distinguish counterfeit receipts from genuine receipts?" An officer immediately replied: "The new receipt is water-marked and can be distinguished from a fake one the moment it is placed under a fluorescent lamp." "Is there any difficulty when separate organizations and personnel are introduced for separate state and local taxation tasks next year?" "We will abide by organization and distribution." "It is rational to separate backbone services." "Subordinates should obey their superiors." Vice Premier Zhu nodded satisfactorily. Before leaving, he joked: "My salary next year will all depend on you all then." A round of applause immediately broke out in the room.

Seeking proposals personally.

Investigation and study is one way to formulate plans. During his stay in Anhui, Vice Premier Zhu held discussion meetings wherever he went to hear the ideas and suggestions of grass-roots cadres and masses on reform measures. On the afternoon of 20 December, the usual silence of the Langxie Study on the Langxie Hill was broken and the atmosphere in the meeting room became lively. Vice Premier Zhu made a special trip to attend a discussion meeting in Chuzhou city, the "granary" of eastern Anhui. He sought plans and ideas from city and county cadres on the issues of grain purchases and sales as well as reform of the taxation system.

Provincial party secretary Lu Rongjing, who presided over the meeting, said: "Vice Premier Zhu's main purpose in undertaking day and night schedules during his current visit to Anhui is to hear directly your opinions on the grain issue. Please feel free to voice your opinions."

As soon as the provincial party secretary stopped speaking, city and county leaders vied to voice their opinions. They spoke on Chuzhou city's grain production, achievements, and difficulties, and forwarded their proposals. When Vice Premier Zhu heard the city had purchased all its wheat and 91 percent of its grain for this year, he smiled and said: "The crux of whether grain prices can be held down lies in whether state-run food departments have controlled grain supplies. We can only control and stabilize the market once we have controlled 80 percent of grain supplies. How can state-run food departments control grain supplies? Closing the market does not seem to be a good way. I think purchasing should be done mainly by state grain enterprises. Individual proprietors may also purchase, but the purchase price must be within a range determined by the state. The government will intervene and adopt measures to check that prices exceed state standards. We must not allow grain prices to rise. Of course, state purchase prices must be reasonable, and the state should not purchase grain once it controls the majority of supplies. What do

you think of this method? Will it work?" "Yes, yes." When the manager of the city's grain, oil, and food company reported that the company had been formed out of the city food bureau, Vice Premier Zhu asked for details of the company's operations. He said: "There is no choice but to reform the grain system. Is it possible to divide food departments into two parts, with one part involved in purchasing, processing, and wholeselling, while the other part does sales? Otherwise, grain will not be procured and sales will not be properly managed. The burdens for food departments will then be increasingly heavier. Yesterday, I saw two grain shops in Hefei city. The city has allowed the village to run one of them, the operation of which has been separated from state-owned food departments. It has thrived very well without any losses. The prices of grain have also been held very low. The other state-run grain shop is doing its own purchases in counties and selling its hybrid rice at 0.75 yuan per jin. When asked to lower the price to 0.70 yuan per jin, it said this was impossible as it would incur a loss and require subsidies. This must be changed." "This method is good." Vice Premier Zhu's thoughts received unanimous consent.

Frank discussion pushed the meeting to a climax. Vice Premier Zhu asked many questions and participants put forward their ideas and proposals in a steady stream. Occasionally, Vice Premier Zhu jotted a note or nodded in agreement. "All your opinions are very good. We must safeguard the peasants' enthusiasm for grain production while taking the capability of urban residents and peasants in grain-poor regions into consideration. After hearing comments from you comrades, we have now got a basic idea of the situation. I hope you will continue to come up with some feasible methods." "Thank you for your trust, Vice Premier Zhu."

The discussion meeting went on for nearly two hours, almost without people realizing it. Vice Premier Zhu did not show any fatigue, and he then allowed the Chuzhou city taxation bureau chief to sit at the main table....

Zou Jiahua Inspects Hebei's Jingtang Harbor SK2101112594 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 20 Jan 94

[Text] From 19 to 20 January, accompanied by provincial leaders Cheng Weigao, Chen Liyou, and Li Zhanshu, Zou Jiahua, vice premier of the State Council, inspected Jingtang Harbor in Tangshan city, Tangshan Iron and Steel Company, Douhe Power Plant, and Jidong Cement Plant.

According to the information released by Reporter (Shu Shouchun) on the evening of 20 January, while staying at Jingtang Harbor, Vice Premier Zou Jiahua inspected, along the wide newly built road, the construction situation of the harbor development area, listened to the report on planning and development situation of the harbor, and inquired about the detailed situation in

building traffic, water supply, power supply, and communications facilities of the harbor as well as existing problems.

Vice Governor Chen Liyou introduced: Although Jingtang Harbor and Tianjin's Qinhuangdao Harbor may complement each other, while they cannot replace each other in functions. Through various forms, including the transfer of property right, Jingtang Harbor will cooperate with Beijing and Shanxi to build itself to meet the demands of economic development and opening up of the hinterland areas. At the same time, the harbor will take advantage of its large expanse of sea beaches within the development area to absorb foreign investment and develop the near-the-harbor industry in order to build itself into a multi-functional harbor which combines industry with foreign trade.

Vice Premier Zou Jiahua agreed to this idea on building the harbor and exhorted the harbor to develop the near-the-harbor industry within the development area in order to make full use of the harbor.

During the inspection tour, Vice Premier Zou Jiahua also listened to the report on economic development of Tangshan city and construction of the harbor. He pointed out: Since the restoration of construction after being hit by earthquakes, Tangshan city has witnessed a very rapid progress in developing the economy, and thus there will be bright prospects for the development of the harbor. First, Tangshan city has such hinterland areas as Hebei, Shanxi, and Inner Mongolia. Second, the city has vast land resources which is exempt the city from taking over land for construction and from relocating the people. Third, combining the harbor with the development area is conducive to developing the near-the-harbor industry. In addition, the cooperation with Beijing is very important. Among the several major cities around Bo Hai, only Beijing has no sea outlet. Now, Beijing has chosen Tangshan Harbor is of great significance to both Beijing and Tangshan. At present, the harbor has already have the condition for attracting goods from inland areas. We hope that Jingtang Harbor will successfully radiate itself to inland areas, select its own points of radiation, and strive to achieve success in building the near-the-harbor industry.

Also accompanied Zou Jiahua on his inspection tour were Zhang Kezhi, deputy secretary general of the State Council; Ye Qing and Chen Yaobang, vice ministers of the State Planning Commission; Xu Penghang, vice minister of State Economic and Trade Commission; Gu Xiulian, minister of chemical industry; Liu Qi, minister of metallurgical industry; Liu E, vice minister of communications; Sun Yongfu, vice minister of railways; and Zha Keming, vice minister of power industry.

Meeting Stresses Political, Social Stability

OW1901201694 Beijing XINHUA Domestic Service in Chinese 1130 GMT 4 Jan 94

[By RENMIN RIBAO reporter Wu Hengquan (0702 1854 2938) and XINHUA reporter Zhang Sutang (1728 1372 1016)]

[Text] Beijing, 4 Jan (XINHUA)— A proposal was advanced at today's National Conference of Public Security Heads in Beijing for the major tasks of the 1994 public security work: Give full play to the function and role of the public security organs as the organs of dictatorship; resolutely crack down on hostile forces and various criminal activities; deepen reform; improve service; practice strict management; promote comprehensive management of social order with vigor; strenuously maintain political and social stability; and make due contribution to the establishment of a socialist market economic system.

At the meeting, Public Security Minister Tao Siju conveyed central leading cadres' important instructions on enhancing work on public security and politics and law. Vice Public Security Minister Tian Qiyu delivered a report on the situation confronting the current public security work and on future tasks.

Last year, thanks to the efforts of all, various levels of public security organs accomplished well their duty of maintaining stability, of cracking down on enemies, of punishing criminals, and of protecting the people. In January-November period last year, the nation's public security organs cracked over 1.04 million of various criminal cases; recovered 4.8 billion yuan worth of money and goods; scored remarkable results from extensively launching the drive to crack down on criminal gangs, on hunting down fugitives, and on solving major cases; successfully investigated into and handled a large number of major economic fraudulent cases; and helped the state prevent economic losses worth \$130 million, or 400 million yuan.

In analyzing the current situation of social order, participants at the meeting were of the view that the social order at present is normal and that the normal social order has produced a reassuring effect on reform, opening, and on developing the economy. However, the number of criminal cases still shows a rising trend, particularly the number of major and serious cases. Social order in some regions is not good; criminals run rampant; and the masses lack a sense of security.

Participants at the meeting called for continuously upholding the policy of "severe crackdown on crimes" and for continuously exerting utmost efforts to stem the rising momentum of criminal cases. They called for concentrating efforts on "cracking major cases, cracking down on criminal gangs, hunting down fugitives, working out measures suited to local conditions, launching special campaigns, and carrying out special management over social order. As in regions where the

security problem is serious, it is necessary to organize forces and to carry out unified action with the main efforts concentrated on cracking down on homicides, robberies, thefts, and organized crimes. In addition, special attention should be paid to cracking down on evil forces in cities and rural areas and to resolutely crack down on fraudulent economic activities of a criminal nature.

Participants at the meeting pointed out the current need to stress raising crime-investigation and crime-cracking levels; to crack more criminal cases; to crack major cases; to strictly enforce the law; to severely and quickly punish criminal elements by fully employing existing legal weapons; to resolutely rectify acts of imposing fines instead of meting out prison terms, of bending the law for the benefit of relatives or friends, and of downplaying the seriousness of cases.

Participants at the meeting were also of the view that since this year will witness the introduction of the most reform measures over the past decade, there will be some issues that will impact social stability. Properly handling various matters arising out of the contradictions among the people is a major and pressing theme for public security organs under the new situation to correctly handle the problems of contradictions among the people. It is necessary for public security organs to do a good job of explaining state policy among the people in active coordination with relevant departments, help timely solve problems brought out by the masses that should and can be solved, and help them reduce contradictions. At the same time it is necessary to resolutely crack down on hostile elements bent on beating, smashing, and robbing, as well as those instigating contradictions among the people.

Tian Qiyu said it is necessary to get actively involved in comprehensive management of social order; to enhance various preventive measures; to strengthen building of public security stations, in particular those in rural areas; to establish healthy grassroots organizations involved in protecting social order and to make sure that these organizations fulfill their role of protecting social order. Tian Qiyu called for an active studying and exploration of methods to control transient population. He proposed reorganizing, consolidating, and strengthening crime-prevention and social order management teams and to bring into play their important roles of maintaining social order. It is necessary to vigorously launch the "small security zone" activities, to do a good job in assisting and educating persons who have been released from prison after serving their terms and persons who have been released from reform-through-labor institutions; and to actively explore new ways to enhance security in enterprises under the new situation. More and effective efforts should be made in the work of eliminating evil phenomena in society.

Tian Qiyu stressed the need to further carry out the anticorruption struggle. He said that at present, particular attention should be paid to enhancing education

among all the public security cadres and personnel on the purpose of the anticorruption struggle, on moral standards, on the mass line, on enhancing the mass concept, on firmly establishing the idea of doing all for the people and of relying on the people while forging closer ties between the police and the people. Finally, he called for continuing on-the-job training activities in a down-to-earth manner and for striving to raise the professional and law enforcement levels of the broad mass of public security cadres and personnel.

More Legal, Disciplinary Cases Being Handled

OW1901150094 Beijing XINHUA in English 1436
GMT 19 Jan 94

[Text] Beijing, January 19 (XINHUA)—China's supervisory bodies handled 15,800 legal and disciplinary cases in the first 11 months last year out of the 22,200-odd cases filed for investigation, a senior Chinese official said today.

Disciplinary sanctions were taken against 17,000-odd government employees, of which 32 were department-level officials, 378 county-level officials, said Cao Qingze, minister of supervision.

Exactly 1,031 of them were handed to the judicial sector for further investigation and prosecution, Cao said as he was reporting his work today at the annual inspection conference of delegates to the National People's Congress, China's supreme legislative body.

He said the supervisory bodies have been focusing in 1993 on corruption cases—involving officials and other employees in Communist Party organizations, government bodies, executive law-enforcing branches and economic management sectors.

The corruption cases usually embraced the abuse of power, taking bribes, graft, smuggling and moral degeneration.

He said that after a year of hard work, corruptive practices had been kept "within certain limits", which he believed should "play an important role" in maintaining China's political stability and safeguarding its reform and opening to the world.

China's anti-corruption drive is going the right way, he said. "Better results will be achieved provided that it is persistent," he added.

The central government cancelled 143 illegal fees and charges imposed on citizens last year, said the minister, adding that "active measures" have been enforced to ban officials from making personal trips abroad at government expense.

Moreover, Cao said, government officials above county-level have been asked to collectively check their own corruptive practices, if any.

Most of the problems checked out have been handled according to the state laws and decrees; others are being investigated under the supervision of the ministry, Cao said.

The minister promised that all supervisory bodies in the country will continue to further the anti-corruption drive, in line with decisions made by the Central Committee of the Communist Party of China.

Daily Notes 'Winter Offensive' Against Crime
HK2101133694 Beijing RENMIN RIBAO in Chinese
8 Jan 94 p 1

[XINHUA report: "Local Public Security Organs Launch Winter Offensive Against Crime"]

[Text] Beijing, 7 Jan (XINHUA)—Public security organs in various localities have achieved significant phased successes in an in-depth and resolute crackdown on specific crimes in the "winter offensive," with the theme of "cracking major cases and seizing escaped criminals."

This winter campaign concentrating on specific crimes was launched by public security organs in various localities in accordance with the Public Security Ministry's guideline to "do a good job in security work during the New Year and Spring Festival season and ensure that the broad masses can spend an untroubled and harmonious holiday" in light of their respective local situation.

It has been learned that, since the resolute crackdown began, through varied forms of cracking down and exercising control, Beijing Municipality, Shanghai Municipality, and Hubei Province alone have cracked 7,638 various security and criminal cases, have arrested 6,472 criminal offenders of all kinds, have smashed 781 criminal syndicates, and have seized ill-gotten money and goods worth more than 1.6 million yuan. The general public's sense of security has been greatly enhanced as a result.

The public security organs in various localities quickly went into action, put in a large amount of manpower, and cracked a great number of cases that had caused serious damages, made very bad impressions, and incurred the greatest popular indignation. Beginning on 12 November last year, the public security bureau of Xian City, Shaanxi Province, carried out consecutive operations for over 10 days in a row and smashed a syndicate of 14 criminals, headed by Liu Qiang [0491 1730] and Liu Dongwei [0491 2639 0251], who had been robbing taxi drivers with knives. The public security bureau of Anshan City, Liaoning Province, cracked two unusually large cases within 10 days. In one case of robbery and homicide, there were hardly any clues left at the scene, but all the detectives took great pains and managed to bring the two criminals who were guilty of robbery and murder to justice. This bureau also solved an extremely large case of stolen gold and prevented state losses of nearly 200,000 yuan. The Shanghai Municipal public security bureau solved a heinous case of robbery

and homicide which had remained unsolved for three years by catching the arch-criminals Wang Xiaolong [3769 1420 7893] and Zhao Guofa [6392 0948 4099].

Public Security Reports Rise in Crime for 1993
HK2101071594 Beijing CHINA DAILY in English
20 Jan 94 p 3

[By staff reporter Ma Chenguang: "Public Security Reports Rise in Crime in 1993"]

[Text] Chinese police uncovered more than 1.5 million criminal cases last year, 6.2 percent more than in 1992 a senior public security official said yesterday.

And the number of serious criminal cases—including murder and drug trafficking—rose 23.4 percent over 1992.

The 19,000 drug trafficking cases was a 32 percent rise over 1992.

And police seized more than 27,000 drug traffickers along with 3,500 kilograms of opium and 4,200 kilograms of heroin, said Bai Jingfu, Deputy Minister of Public Security.

Bai said that the rate of criminal offences has reached 20 per 10,000 people in China.

Although the figure is low compared to other countries, the government will continue to crack down on criminal offences, he said.

Since 1982, the crime rate has risen an average of 6 percent per year.

Bai made these remarks yesterday in a report to the National People's Congress (NPC) in Beijing.

More than 200 NPC deputies from Beijing gathered at the Great Hall of the People yesterday to hear ministry work reports.

In the next 10 days, the group will be preparing for the Second Plenary Session of the Eighth NPC, scheduled for March 10.

In the fight against crime last year police handled 15,000 cases involving the kidnapping and trafficking of women and children, the deputy minister said.

The police also recovered stolen money and goods valued at more than 4.08 billion yuan (\$469 million) during the first 11 months last year, double the amount secured in the whole of 1992.

According to Bai, robbery and theft accounted for 80 percent of last year's criminal offences.

Last year, more than 300,000 robberies and 150,000 thefts were filed up 20 percent and 21.6 percent over the figures in 1992.

Bai also said more offenders last year were involved in gangs or used violence.

During the first 11 months of last year, Chinese police caught more than 780,000 gang members and handled 185,000 gang-related cases. The figures were up 55.5 percent and 49.7 percent respectively over 1992, he said.

The deputy minister noted that gang activities have been a problem for a long time in China's suburbs and countryside.

In terms of violent crimes, more than 32,000 people were murdered and more than 80,000 people were injured, up 7.8 percent and 8.6 percent respectively over 1992.

Inner Mongolia Armed Border Police Promote Trade

HK2101113394 Beijing RENMIN RIBAO in Chinese
10 Jan 94 p 4

[Report by XINHUA reporter Ge Jindong (5556 6855 2639) and staff reporter Fu Xu (0265 2485): "Inner Mongolia's Armed Police Corps Helps Promote Border Trade, Local Tourism"]

[Text] Hohhot, 9 Jan (RENMIN RIBAO)—The armed border police of Inner Mongolia, who fight on the 4,000 km frontier in northern China, have displayed the spirit of plain living and hard struggle and have brought about gratifying changes to the building of grassroots units.

The officers and men of Inner Mongolia's armed border police fight and live on the Gobi grassland and in desert forests, where the environment is harsh and the climate is miserable year in and year out. They shoulder very difficult border defense tasks. According to the requirements of public security and frontier defense work on the building of Army units under the new circumstances, the frontier corps party committee made strenuous efforts in grassroots building, improved the working and living conditions of officers and men, and helped bring the building of the force and its professionalism to a new height.

This frontier corps has also been working hard to serve the autonomous region's economic construction. Over the past three years, they have reformed some means and methods of management that are out of pace with the situation and impede the economic development of the border region and have simplified the procedures for the granting of entry/exit permits and border inspection. They have brought into full play the advantages of border defense and have taken advantage of their contacts with the border defense departments of Russia and Mongolia to build connections for the development of border trade, tourism, investment, and exploitation between localities. Statistics have shown that, during those three years, the border inspection stations had over 900 meetings and talks with parties in Russia and Mongolia and quite successfully accomplished the tasks assigned by the governments at various levels and the

relevant departments, for which they were praised by local party committees and governments.

Stones Carved With Selected Works of Mao Presented

OW1901162994 Beijing XINHUA in English 1517
GMT 19 Jan 94

[Text] Beijing, January 19 (XINHUA)—Some 100 little stones carved with the first to the fourth volumes of *Selected Works of Mao Zedong* were presented to the Memorial Hall of Mao Zedong here today.

More than one million Chinese characters are carved on the stones, which are arranged in the shape of a map of China.

An artist in East China's Fujian Province spent 15 months carving the stones.

To mark the 100th anniversary of the late Chinese chairman's birth which fell on December 26 last year, a number of events were held all around the country.

Hunan County Said Current With Teacher Salaries

OW1501102594 Beijing XINHUA Domestic Service in Chinese 1107 GMT 14 Jan 94

[Text] Beijing, 14 Jan (XINHUA)—The ZHONGGUO JIAO YU BAO [China Education Journal] reported that Hunan's Xintian County has never owed its teachers any pay and that all funds due them have been paid in full all these years.

Xintian County takes three measures to guarantee the payment of teachers' salaries. First, educational funds are budgeted at the beginning of a fiscal year with appropriate annual increments according to needs, making very sure that funds for personnel are adequate. Second, when money is tight, top priority is given to teachers' salaries. Because Xintian County derives its revenue from flue-cured tobacco, all funds will have to go to the procurement of tobacco leaves in the first half of the year, and revenues will only be collected in the second half of the year when peasants sell their crops. As such, the county has established the following priorities for paying salaries: middle and primary school teachers first, grass-roots cadres next, and units directly under the county government last. Third, individual villages and towns having difficulties will receive the personal attention of the secretary and the county head.

Because they have been affected by the financial and taxation reform, the county's revenues will be reduced sharply this year. What happens to teachers' salaries? After study, the county has found its way out of the situation by dividing the educational funds into three parts—funds for organ and school personnel, projects, and funds—with separate management.

First 'School for Wealthy' Established in Guangdong*HK1601065194 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 16 Jan 94 p 7*

[By Quinton Chan]

[Text] The bell rings...children in designer blue uniforms rush to their parents, waiting by the sleek Mercedes-Benz, Lexus and Toyotas in the school car park.

But this is no mainland-based international school—it is China's first school for the wealthy. Located in Conghua, a small county 90 kilometres from Guangzhou, Guangdong province, the Hero's China Primary School marks the wealth of the state after 14 years of the open-door policy and economic reforms.

"The setting up of the school has followed the change in society," school spokesman Chen Haihong said. "It's just like the emergence of five-star hotels in the city...inevitable." And this is a "five-star" school. Costing 100 million yuan (about HK\$88.5 million), its facilities are beyond anything most mainland Chinese can imagine.

Its 4.5-square-kilometre campus compares with anything in Hong Kong, and includes a football pitch and stands, an international-standard swimming pool, two tennis courts, several basketball courts, a health club, a computer laboratory, a language centre...even a mini zoo. Teachers, students and ancillary staff live in a well-furnished three-storey hostel nearby.

The tuition fee for the whole primary education is 300,000 yuan—equal to the life wages of a worker earning about 500 yuan a month. But the fees can be refunded after students finish their course, according to the school's spokeswoman, Yang Shaomei. "It is a new concept," she said. "We take the money for investment and then we can return money to parents."

Launched in September last year, the first private school in the country is owned by the Guangzhou Power Station and two private firms, Zhong Luan Enterprise and Lingnan Training Centre. With 750 students, the school raised more than the 100 million yuan construction cost.

Most of the parents were senior officials, big businessmen or managers of large corporations, Mr. Chen said. "We are not a noble school since there is no noble class in China," he said.

A businessman with a nine-year-old son studying at the school said: "It is worth paying such a large amount to let my child study here. It is a very nice school. I hope my son can become a university graduate in the future and help my business to succeed."

Even children are discovering they are lucky to have a place at such an impressive educational facility. "I am very lucky, my family is rich," 12-year-old Li Chikang

said. "Other children are not so lucky, they have to study in schools which have poorer facilities."

But the abundant facilities and pleasant environment do not mean students have an easy school life—the primary course is tougher than in any other school in the country. Students have to take English lessons shortly after joining the school, whereas in other schools in China foreign languages are not taught until secondary level.

"As many of the parents are businessmen, our objective is to train their children to be the elite, and hope they can succeed them," Ms. Yang said. "It also fits our name—Hero's China. In that sense, students have to develop a sense of belonging, awareness, independence and responsibility in the boarding school."

Those on the five-day residential course also learn independence, although there are 25 "family" teachers and 38 nannies to take care of their daily needs. "Students have to clean their room, we won't help them," teacher Wang Oiwang said.

"Most of them have not done housework because they have been pampered since childhood. When they first arrive some even cried because they missed home. But they are happy now."

Newspapers Boost Issues, Pages Amid Competition*HK1701141094 Hong Kong MING PAO in Chinese 7 Jan 94 p 9*

[By special reporter Ching Chi (5427 2765): "More Than 100 Mainland Newspapers Increases Pages and Issues From New Year's Day While Facing More Intense Competition"]

[Text] Beginning on New Year's Day 1994, another tide of increasing pages and issues swept across mainland newspapers. From Beijing to all localities, many newspapers increased the number of pages in each issue or increased the number of issues each month. A total of 150 newspapers all over the country took this action at the same time.

A few years ago, dozens of newspapers simultaneously increased the number of pages, and the action attracted extensive attention. Last year, another 130 newspapers joined the action to increase pages, and this was widely discussed by people. This time, as of New Year's Day, at least 150 newspapers increased the number of pages or issues. In Beijing alone, 46 newspaper joined this round of expansion, which is the third such round.

In the new year, RENMIN RIBAO will be expanded to 12 pages each day, GONGREN RIBAO has expanded its Sunday issue to eight pages, FAZHI SHIBAO has been expanded to eight pages from four, BEIJING QINGNIAN BAO was changed into a daily, BEIJING WANBAO expanded to 16 pages, JINRONG SHIBAO expanded from four pages to eight pages, SHENZHEN

SHANGBAO expanded to 12 pages, and CHANGJIANG RIBAO expanded to 12 pages after becoming an 8-page daily last year....

What has prompted the newspapers to increase their pages? Market competition caused such changes.

At the end of 1991, a total of 1,543 newspapers were openly published. At the end of 1993, this had increased to 2,030. That is, a new newspaper was published every one and a half days last year. As education in China remains rather backward, there are still a considerable number of illiterates, and the number of newspaper readers is still limited, there are in fact too many newspapers in mainland China. This inevitably intensifies competition among the newspapers. As a result, competition exists in terms of quality, price, distribution, personnel, advertising, and business operations. By means of increasing pages, newspapers may offer more information and carry more advertisements. So this has become the major means of competition to attract readers. Therefore, newspapers have now become thicker with each issue, and some weeklies have become dailies. There is more substantial content, and the layouts have also become more attractive.

While increasing the number of pages and issues, many newspapers also complete printing and distribution earlier, and they have diversified their distribution channels in order to occupy a larger share of the market and to bring more convenience to their readers. More and more newspapers now bear responsibility for their own profits and losses, do not rely on government financial support, and do not depend on institutional subscribers using public funds to subscribe to newspapers. At present, more than 700 newspapers in the whole country have adopted laser composition and printing technology, and the newspaper advertising business is also developing rapidly. Last year, more than 10 newspapers earned over 100 million yuan in advertising income.

The newspaper management organ in the CPC Central Propaganda Department has pointed out some noticeable problems amid the rapid development of the press: Some newspapers have tried to seek a greater "market effect" by publishing "weekend editions" and increasing the number of pages, but they did not consider the social effects of publishing pictures and stories which were vulgar and in bad taste in order to attract readers. Some newspapers even reprinted materials from the overseas press in violation of the state's relevant regulations, thus causing a disorderly situation in the press. The concerned authorities have noticed these problems.

Of course, the increase in newspaper pages has inevitably led to higher prices. One year ago, 400 yuan a year could be used to subscribe to four to five newspapers, but the same amount can now be used to subscribe to only two newspapers. This year, newspaper prices will increase by 100 percent in the most extreme cases. Some experts predict that overall newspaper circulation will decrease sharply.

Paper To Expand Saturday Edition

HK1801075494 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 7 Jan 94 p 1

["Announcement" by the Editorial Department of RENMIN RIBAO OVERSEAS EDITION: "To Inform Our Readers"]

[Text] Starting tomorrow, the Saturday edition of this newspaper will be expanded to 12 pages.

This expansion is aimed at providing our readers with more information and enhancing the directness, readability, and serviceability of the newspaper to suit the demands of China's reform, opening up, and socialist modernization drive, and to satisfy the reading needs of our readers both at home and abroad, especially our overseas readers. After its expansion, this newspaper will continue to uphold its correct opinion guide, ensure the soundness of its main theme, maintain its unified high caliber style as a whole, add more color to the newspaper, and enable it to become more intimate with our readers.

The following are space arrangements for our Saturday edition: The first page is reserved for major news; second page for economics; third page for politics, law, culture, and education; fourth page for fine arts and photography; fifth page for the Bianqiao supplement; sixth page for international news; seventh page for the literary supplement; eighth page for readers' letters; ninth page for social affairs; tenth page for sports; eleventh page for public health; and twelfth page for advertisements.

To enable our readers in Europe to receive and read this newspaper on time, our printing house in Paris will print the last four pages beforehand and issue them on Saturday.

New Cultural Magazine Published in Beijing

HK1701120294 Beijing GUANGMING RIBAO in Chinese 4 Jan 94 p 2

[By Wen Qin (2429 3830) and Ruo Bing (5387 0393): "ERSHI SHIJI [21st Century] Magazine Published"]

[Text] Sponsored by the Sino-Japanese Youth Exchange Center, ERSHIYI SHIJI [21st Century], a large-scale social and cultural bimonthly magazine, recently began publication in Beijing.

Role of Women in Families, Society Surveyed

HK1501062294 Beijing CHINA DAILY in English 15 Jan 94 p 3

[By Xu Yang: "Chinese Women Enjoy Equal Say"]

[Text] A recent survey has found that most Chinese women now have equal standing with their husbands on family affairs.

This marks a substantial improvement in the status of women since the founding of New China in 1949.

However, there still exists a profound imbalance between rural and urban women, researchers from the Institute of Population Studies reported at an international conference in Beijing last week.

The two-year survey was financed by the United Nations' Population Fund and conducted by social scientists under the Chinese Academy of Social Sciences. The study involved 11,200 couples living in rural and urban areas in 10 provinces, municipalities and autonomous regions.

The report stated that urban women and those in wealthier regions have marched further down the road to equality than their rural sisters.

Family income is increasingly under the control of women in urban areas, but the opposite is true in the countryside.

About 76 per cent of the urban couples manage their family incomes together. But women lead men by 6 per cent if one family member is overseeing the budget.

Rural couples who share responsibility account 81 per cent. But 4 per cent more men than women manage the income if only one person oversees finances.

Urban husbands and wives usually discuss major spending outlays together. The rate varies from 52 per cent to 67 per cent in buying products like washing machines or refrigerators.

However, on occasions when one side makes the decision, the person tends to be the husband.

The proportion of rural couples discussing expenditures ranged between 57 per cent and 73 per cent when buying farm animals or building a house.

Nearly 80 per cent of the couples in cities and 83 per cent in the countryside discuss whether to have a child.

The data seems to suggest the impending attainment of equality between Chinese women and men, the researchers said.

Optimistic

However, since many sample families were located in the economically advanced regions, the results may be a little too optimistic, said Sha Jicai, head of the research group.

China has long been a male-dominated society.

According to centuries-old Confucian doctrines, women should unequivocally obey their husbands.

The researchers said their survey finds that modern women have far more lights and influence concerning their families than women during their mother's generation.

But the traditional roles of men and women are very much a part of their way of thinking.

Most parents expect their sons to receive better education and attend school longer than their daughters.

Nearly 73 per cent of women in cities and 81 per cent in the rural areas believe that wives should sacrifice for their husbands' success.

The survey found that men's average monthly income is 45 yuan (\$5.20) higher than women's in cities where 80 per cent women earn between 100 and 300 yuan (\$11.60-\$34.50) monthly. Researchers said this might give men a slight advantage in family affairs.

The average urban male receives 10.75 years of education, almost a year longer than females. In the countryside, the gap is 1.15 years.

The research group conducted one-on-one interviews with 5,500 urban couples and 5,700 rural couples. These randomly sampled couples were scattered throughout the country.

Conditions were strictly dictated for the surveys. Spouses had to live together and wives had to be between the ages of 20 and 54. All participants answered standardized questionnaires.

Questions concerned women's educations, marriages, incomes, jobs, family decision-making, childbirth and birth control, as well as their attitudes toward these issues.

Daily Carries QIUSHI Table of Contents

HK1801102694 Beijing RENMIN RIBAO in Chinese
16 Jan 94 p 5

[Table of Contents for QIUSHI No. 2, 16 January 1994"]

[Text] Speech by Jiang Zemin to the Third Plenary Session of the 14th CPC Central Committee (14 November 1993)

Article by Yan Zhimin: "It Is Lenin Who Ushers in a New Era in the Human History—in Commemoration of the 70th Anniversary of Lenin's Death"

Article by Wang Maohua, Yan Xin: "Mao Zedong—A Glorious Example in Integrating Marxism with China's Real Situation"

Article by Zhang Jing: "One of Mao Zedong's Significant Theoretic Contributions in His Later Years"

Article by Li Maoguan: "Acquire a Thorough Understanding and a Good Mastery of the Party's Basic Line"

Article by Xiang Huaicheng: "Practicing the Tax Separation System Is a Major Element of the Current Financial Structural Reform"

Article by Chen Pixian: "Comprehensively Push Forward the Old-Age Cause With Chinese Characteristics"

Article by Shao Weizheng: "From National Independence to National Affluence"

Article by He Cungi: "Glorious Thinking, Consummate Skills—Rereading Mao Zedong's Poems and Verses"

Article by Ji Yu: "What Does 'My Concubine' Bring to Its Audience?"

Article by Gua Tian: "What We Lack the Most Is a 'Craze for Knowledge Through Reading'"

Economic & Agricultural

Figures on Price Rises, Inflationary 'Pressures'

HK2001151294 Beijing ZHONGGUO XINWEN SHE
in English 1431 GMT 20 Jan 94

[Text] Beijing, January 20 (CNS)—According to the State Statistical Bureau's report made public today, China saw a noticeable growth relatively high growth of prices in the domestic market and growing inflationary pressures in the country. [as received]

Owing to the increase of credit supply in the third and fourth quarters of last year, the money shortage in enterprises eased while the industrial output value last December showed a obvious increase with 29.8 percent up over the same period of the previous year.

Last month the commodity retail sales value increased by 35.3 percent over the same period of the previous year and 29.7 percent up over November last year. Sales of grain increased by 1.41 million tonnes over the same period of the year before, sales of colour TV sets were up 82.1 percent, sales of refrigerators also saw big growth and sales of chemical fertilizer, pesticide and plastic film for farming purposes all registered big growth.

Officials Discuss Reforms, Controlling Inflation

OW1901140794 Beijing XINHUA in English 1351
GMT 19 Jan 94

[By Li Zhurun]

[Text] Beijing, January 19 (XINHUA)—Planners of China's reform programs said today that the government plans to limit this year's inflation to 10 percent in striving to ensure success of the economic restructuring.

Wang Shiyuan, vice-minister of the State Commission for Economic Systems Restructuring, told a press conference that to achieve the purpose, the government will work hard to maintain a balance between China's total supply and demand and bring the money supply under control.

New price reform measures, commensurate to the financial capabilities of both the state and the people, will be published at an "opportune date," said Wang, who was attending the press conference with fellow Vice-Ministers Liu Zhifeng and Hong Hu.

The three officials insisted that on no account will this year's reforms in banking and taxation affect actual prices as they are only meant to rationalize the banking and taxation systems.

XINHUA has learned that the principle for the reforms, as described by the three vice-ministers, is one of "seizing the current opportunity to advance the reforms and accelerating development while ensuring stability."

They said that reform measures for 1994 are greater in number and more extensive than for any previous year. "The deeper and more extensively the reforms develop, the greater will be their repercussions and the difficulty in executing them," they told Chinese and foreign reporters at the press conference.

This calls for correctly handling the relations of reforms, development and stability and summing up experiences in good time, so that reform plans can be improved in times of necessity, they said.

Meanwhile, they said, what is also needed is boldness in exploring ways for pushing the reforms forward to ensure each one's success.

The officials spoke specifically on the urban housing reform in the wake of a State Council order to prohibit selling of publicly-owned housing at excessively low prices.

Recently, state-owned enterprises and institutions in some places rushed to sell their own housing as a fringe benefit for their staff.

"The State Council is finalizing the plan and will publish a decision on the housing reform for nationwide application," said Liu Zhifeng, a top official in charge of the housing reform.

"The State Council prohibition is meant to ensure success of the housing reform instead of halting it and help the government raise enough money for building new housing for the people," he added.

Work is under way to formulate reform-related laws and government decrees, according to these officials.

The Standing Committee of the National People's Congress is expected to publish a securities law in 1994. A draft of the law is being passed around among China's legislators, officials and experts for opinions and criticisms.

The State Council will soon publish a set of regulations on China's futures trading and is putting the final touches on a draft of the "Regulations on the Management of State-Owned Property and Assets."

Consultations are going on between the State Economic Systems Restructuring Commission and the State Economic and Trade Commission to choose 100 large-sized state-owned enterprises to experiment with modern enterprise management.

Meanwhile, 13 cities have been chosen to try out what is called "comprehensive reforms." These are Changzhou,

Chongqing, Anshan, Yanji, Quanzhou, Tangshan, Yantai, Tongling, Ningbo, Chengdu, Guangzhou, Wuhan and Harbin.

'Sensitive Questions' Answered

HK2001064594 Beijing ZHONGGUO XINWEN SHE in English 1408 GMT 19 Jan 94

[Text] Beijing, January 19 (CNS)—China, being at a stage of rapid economic growth, is suffering from inflationary pressures now, the Vice Minister of the State Commission for Restructuring the Economy, Mr. Wang Shiyuan, said in reply to a number of sensitive questions raised at a press conference held today. He noted, however, that the government had done much work on the prevention of inflation and many measures had been adopted to achieve this end. It is expected that the price rise for this year as a whole will be kept under 10 percent.

Mr. Wang said that the inflationary pressures at present mainly came from several fields. First, the adjustment of prices for production means in the past consecutive years and the continuous great scale of investment caused the rise in costs which in turn led to inflation. Second, a price rise of 13 percent last year made a high start for the expected inflation during this year and adverse effects resulting from that inflation will appear this year. Third, a unified exchange rate for the renminbi and price reform to be carried out at a suitable time during the year will cause a price hike. Fourth, an excessive supply of money for maintain continuous economic growth last year will also lead to a price rise this year.

Mr. Wang said that the government was aware of the potential inflationary pressures and made the curbing of inflation and the maintenance of economic growth at a rapid, continuous and healthy pace for this year its priority.

The key to the controlling of inflation, according to Mr. Wang lay in the balance between general supply and demand, in the keeping control of economic growth to a suitable rate and control on the scale of investment.

Sources Say Reforms Halted To Curb Inflation

HK2001043294 Hong Kong HONGKONG STANDARD in English 20 Jan 94 p 1

[By China editor Cary Huang and Chan Po-chung]

[Text] China's robust economy and sweeping reforms are set to suffer a setback after a decision to reimpose price limits and suspend some reform measures that could lead to price rises. The decision was made recently by the State Council, China's cabinet, in a bid to ensure a stable environment for the overall reforms this year. It also underlined the leadership's concern that mounting inflation that might lead to unrest.

An eight-point package demands that local authorities and regional price departments step up control and

administration of prices while strictly implementing the central authorities' policy of setting price ceilings, Chinese sources told The Hongkong Standard yesterday.

The package, decided by a national emergency meeting on price controls following price rises for grain and staple foods late last month, stipulates that:

Price increases for railway transport and electricity by localities should not be higher than those previously set by the State Council. Scheduled reform measures that may send prices up should be suspended. Subsidies on certain products set by the central government should not be reduced.

A price limit should be reimposed by regional governments and local departments on some daily necessities, staple foods and major products if prices soar to levels that consumers cannot stand.

Protection prices for grain purchasing set by the local government should not be lower than those set by central government.

Administration of fees for education, medical services and other government services should be strengthened.

A price information network and a price recording system should be set up, and regular price reviews should be conducted by local price departments and results be reported to the State Council.

Efforts must be made by regional governments and relevant departments to ensure a stable market during the Lunar New Year and create a favourable environment for deepening reforms.

The moves appear to roll back many of the sweeping reforms worked out last year following the Communist Party's decision to embrace a capitalistic market economy. Local analysts expressed concern about Beijing's decision but said the impact on Hong Kong would be limited.

K.L. Wong, an economist at Sun Hung Kai Research, said the move would affect regions in different ways. "The decision is quite important to the people in northern China because they have suffered most from inflation."

Benjamin Chan, senior economist at the Bank of East China, did not think the moves were major setbacks, saying they were necessary to stabilise prices. The economists agreed that the impact of the move on Hong Kong business would be limited.

State-run media and senior Chinese officials have recently joined a growing chorus in expressing fears that the current economic reforms may lead to spiralling inflation and social unrest. Premier Li Peng warned that rapid strides in price reform would cause instability and the fast pace of freeing controls in 1994 would continue only as long as consumers could bear the inevitable inflation. The government reimposed controls on the

price of grain and other staple foods in late December, after watching them soar 30 to 40 per cent in a month.

Top Chinese economic officials promised yesterday to push inflation below 10 per cent this year, despite mounting inflationary pressure. But they warned regional authorities of the possibility of social instability as a side-effect of China's economic reforms.

Meanwhile, President Jiang Zemin has called for reasonable pricing in the consumer market because it affects people's living standards and social stability, the China Daily reports in today's issue.

Commentary on Reform, Development Movement
OW1901191594 Beijing XINHUA Domestic Service in Chinese 2148 GMT 4 Jan 94

[Commentary by XINHUA reporter Zhang Jinsheng (1728 6930 0524): "Development and Reform Should Proceed at the Same Time"]

[Text] Beijing, 5 Jan (XINHUA)—The beginning of the new year has turned a new leaf for China's economic development. This new year will be a year in which the nation's reform and opening up endeavors and economic construction will gather speed on the basis of the experiences and brilliant successes gained and achieved in the past 15 years.

Media at home and abroad commonly maintain that China's economic reform and development will both gather speed and will be successful, provided that the country proceeds carefully and practically, taking advantage of its economic and political stability.

How can China's economic reform and development proceed faster? The nation's economic development in 1993 shows a new economic system must be established through reform and a new course should be set for development, and that these are two mutually dependent requirements. This is due to the fact that only by building a new economic system through reform can productive forces be significantly liberated and a sustained, fast, and healthy national economic development be ensured. The entire macroeconomic development shows that, compared with 1992, the nation's economy in 1993 grew approximately 13 percent, industrial output grew 19.5 percent, and investment in fixed assets grew 47 percent. Such high rates of economic growth did not give rise to any major problems specifically because reform has enabled us to control the economic "express train" by means of macroeconomic regulation and control, and consequently our enterprises' production and operations have become more vital and our country's overall economic strength has grown. Last year's macroeconomic regulation and control replaced the previous practice of simply relying on administrative measures with a combination of economic, administrative, and legal measures, emphasizing economic measures. Moreover, as result of replacing direct regulation and control with indirect regulation and control, the nation has

achieved results totally different from those of the past: The chaos in the monetary and distribution spheres were brought under control, fast economic growth was maintained, and dramatic economic ups and downs were avoided.

When viewed from another perspective, however, the major economic problems in 1993 are also problems that need to be resolved through reform. For example, 37.3 percent of state enterprises were operating in the red and their losses seriously restrained the growth in the returns of state businesses; and excessive investment in fixed assets and irrational investment seriously upset supply and demand. The solution to these problems lies in stronger reform measures, gradual establishment of a modern system for enterprise operations, pushing enterprises to take part in market competition, and fully restructuring the current investment pattern. Economic authority maintains: The current opportunity is one of development and reform, and if we disregard the opportunity of reform, we will lose the opportunity of development; there will hardly be development without carrying out reform; there will not be fast growth without accelerating reform; and reforms during the new period must target those deep-rooted problems obstructing fast and healthy economic development.

According to relevant state authorities, with an approximately nine percent economic growth this year, the nation will still have "sustained, fast, and healthy" economic growth. Although this figure is smaller than that of last year, it is still quite high when compared with the economic situations of most countries. Economic experts assert that the principle of maintaining "sustained, fast, and healthy" growth has the following profound meanings: The real nature of socialism is to liberate and develop productive forces, achieve common prosperity, and speed up the process of liberating productive forces, which are the core of socialist construction; China's fast growth should not be tentative or short-termed, but should be fast and sustained; and the development must be healthy, meaning that it is in line with law, it is subjected to macroscopic regulation and control, and it is supported by law. The reform over the past 15 years proves that whenever a place has been successful in reform, it also enjoys fast growth. China's fast economic growth over the past two years is the result the nation has achieved while speeding up reform and opening wider to the outside world after Comrade Deng Xiaoping gave his important speech in southern China and after the convocation of the 14th national party congress.

The current situation of reform is very good because the opportunity for reform is there and the goals have been clearly defined. However, the tasks of reform are also formidable. Under the situation where reform and development are both gathering speed, we should be aware that we cannot afford to carry out reform by suspending development. Fast growth is the result of reform, and only through reform can we master the "high tech"—namely the new system—for controlling the national

economy during fast economic operations. We must learn the skills of speeding up reform under the circumstances when the economic development is fast and changes in the economic sector are fairly complex. The year 1994 is critical for China's reform and economic development and it should be a year in which China will be successful in these two areas.

Economic Paper Warns Against 'Audacious' Reform

HK2101121794 Hong Kong MING PAO in Chinese 6 Jan 94 p 10

["Special dispatch:" "Dual Speeding Up and Seeking Stability and Preventing Turmoil—The Two Points of View in Response to Reform"]

[Text] Two different voices can be heard when China's economic reforms in 1994 are about to take a new step: One favors the "dual speeding up" of reform and development, while the other urges reform to pay equal attention to stability in order to prevent social turmoil.

A commentator's article released yesterday by the official XINHUA News Agency entitled "Parallel Progress in Reform and Development" stressed that the current reform situation is good, the objectives are clear and the opportunity is rare, while admitting that reform is facing a very difficult job. Faced with the new situation of "dual speeding up" in reform and development, we should have the following understanding: Learn how to speed up reforms under a more rapid pace of economic development and more complicated economic relations. The year 1994 will be the most important for China's reform and economic development and should be a year of "double harvests"

The article says that the general view inside and outside China is that China's economy is facing a "dual speeding up" situation in which China must speed up both reform and development. If the opportunity offered by the current stability in the political and economic arenas is well exploited, then, with painstaking and practical work, China's economy shall reap a "double harvest" in which both reform and development will have made great strides.

The article pointed out: To achieve the "double harvest" objective, we must—as we surely will if we take a look at national economic development in 1993—understand this: Reform must create new structures, and development must take a new path; the two are symbiotic. Only through reform and creating a new economic structure can the productive forces be released to any significant extent and can we ensure the sustained, rapid, and healthy [as published] development of the national economy. In terms of the economy at the macro level, GDP grew approximately 13 percent last year, industrial production grew 19.5 percent, and fixed-asset investment was up 47 percent from the previous year. Even though it was operating at such a high speed, the economy was not disrupted by any major problems

precisely because reform had been deepened. As a result, enterprises' production and operating power increased and combined national power entered a new dimension.

On the other hand, the official JINGJI XINXI BAO [Economic Information] pointed out in a front-page commentator's article that the current audacious reforms might result in social turmoil and sternly warned that the authorities must strike a balance between reform and stability.

The article says: "Without stability, we have nothing, and without a stable social environment we can achieve nothing."

The article says: The current reform effort signals that Beijing is abandoning the socialist planned economy that it has practised for the last 40 years and represents the deepest probe yet into the market economy, bringing with it "a redistribution of power and interests."

The article stressed: "If enterprises pay wages or can only pay them by raising loans, then there is a problem in the distribution of interests, which, if handled improperly, may cause trouble."

The article daringly touched on the "taboo" subject of the end of the "Deng Xiaoping Era."

The article said that any problems in the process of transferring power from 89-year old Deng Xiaoping to leaders of a younger generation will plunge the world's most populous country into disaster.

Zhu Rongji on Financial Achievements, Guidelines

OW2001053094 Beijing XINHUA Domestic Service in Chinese 1215 GMT 19 Jan 94

[Text] A national conference on financial work was held here 12-15 January. Zhu Rongji, vice premier and governor of the People's Bank of China, gave an important speech at the closing session. He fully affirmed the achievements in financial work last year. Setting forth this year's guidelines for financial work, he forwarded a three-point demand on the vast number of cadres and workers in the financial system.

Zhu Rongji said: The CPC Central Committee and State Council decided last June to strengthen and improve macroeconomic regulation and control of the national economy through rectification of financial order. Acting in accordance with the CPC Central Committee and State Council plan, the vast numbers of cadres and workers in the financial system firmly observed the "three agreed rules" in rectifying financial order, strictly enforcing financial discipline, pushing forward financial reform, and strengthening macroeconomic regulation and control, thereby swiftly reversing the chaotic financial situation. Afterward, they promptly studied and analyzed the new development and problems in the national economy. In line with the demand to "stop dishonest practices and promote healthy trends," they

exercised the right amount of macroeconomic regulation and control and firmly and decisively adjusted the direction in the use of funds. As a result, over 99 percent of the state's key projects have obtained the necessary funds; there have been no IOU's in purchasing agricultural produce; the strained situation in the working capital of major production enterprises and foreign trade firms has been essentially eased; and the excessive fluctuation in the development of the national economy has been avoided effectively avoided. At the same time, the over-issue of money has been curtailed; the total volume of money supply for the year has been controlled within the predetermined target; the market exchange rate has been consistently stable; and the state foreign exchange reserves have increased. Facts have demonstrated that the vast numbers of cadres and workers in the financial system are a contingent capable of standing the test, and they are trustworthy and able to fight. Zhu Rongji expressed appreciation and extended regards to them on behalf of the CPC Central Committee and State Council.

Zhu Rongji pointed out: Some problems popped up in our economic work during the first half of 1993. Through the strengthening of macroeconomic regulation and control, we have ameliorated these problems to some extent; however, we have not fundamentally addressed the profound problems. We have not set up a risk mechanism to restrain investment in fixed assets, and the inflationary pressure could build up at any time. The State Council has established guidelines for this year's financial work as follows: continuing the rectification of financial order, steadily promoting financial reform, strictly controlling total credit supply, and earnestly strengthening financial supervision and management.

He said: We made great achievements in rectifying financial order last year. However, this does not mean the task of rectifying financial order has been accomplished. Rectifying financial order will be an arduous long-term task for the financial system and it must be persistently carried out without relaxing our efforts.

Zhu Rongji called for continuous implementation of the "three agreed rules" set forth at the national conference on financial work last July. At the same time, he forwarded three additional demands on the vast numbers of financial cadres and workers:

1. Strictly control the total credit supply. The key to controlling the total credit supply is in limiting loans extended by banks at all levels to finance investment in fixed assets. Beginning this year, loans for key projects in infrastructure and basic industries will be arranged in a unified manner by the newly established state development bank; all other banks shall not use funds earmarked for non-fixed assets projects, particularly funds to be used as working capital, to finance investment in fixed assets. Banks at all levels shall not provide any loans to any unauthorized projects, projects beyond the total credit line, or components of an unauthorized project; the planned total credit line must not be exceeded even

by one yuan. Investigation will be conducted to trace the responsibility of those who resort to illegitimate means to break the total credit line.

2. Once their policy-oriented businesses are divested, specialized banks shall begin their transition toward commercial banks. They shall make bold moves this year to explore and pioneer. In consideration of the fact that state-owned enterprises are currently in the process of changing their operating mechanism, specialized banks shall first implement a funding system based on the ratio of the enterprises' assets and liability within the limit of their credit line and then gradually establish a mechanism for self-restraint and risk-taking to assume responsibility for their own management decisions and profits and losses. In coordination with the enforcement of the "Bankruptcy Law," they shall make good use of the reserves for doubtful and bad loans, which have been increased this year.

3. Branches of the People's Bank of China at all levels shall earnestly change their functions and play a leading role in supervising and managing regional financial activities. Branches and sub-branches shall truly concentrate their energies on stabilizing currency and supervising and managing financial activities. At present, they shall make particular efforts to prevent the resurgence of unauthorized fund raising activities by stopping every unauthorized one. Only by controlling unauthorized loans and fund-raising activities can we limit investment in fixed assets and reduce the inflationary pressure.

Zhu Rongji urged the vast numbers of financial cadres and workers to strengthen the building of their ranks by earnestly studying the third volume of the "Selected Works of Deng Xiaoping" and actively, correctly, and comprehensively grasp and implement Comrade Xiaoping's theory on building socialism with Chinese characteristics. He urged them to earnestly implement Comrade Xiaoping's instruction, "operate the bank the way a bank should be operated" and refrain from operating the bank like a "currency issuance company" or a "safe," still less making the bank a locked "safe."

Zhu Rongji concluded by urging all financial workers to unite, pluck up their spirits, and in accordance with the demands of the Third Plenary Session of the 14th CPC Central Committee, accomplish in an all-around way every financial task. He urged them to make persistent efforts to carry out the struggle against corruption and, under the leadership of the CPC Central Committee with Comrade Jiang Zemin as its core, successfully handle the relationship between development and stability to promote sustained, rapid, and healthy development of the national economy.

Zhou Zhengqing, vice governor of the People's Bank of China, delivered a work report at the beginning of the conference.

Urges Tighter Credit Control*OW1901145894 Beijing XINHUA in English 1437
GMT 19 Jan 94*

[Text] Beijing, January 19 (XINHUA)—China will continue to keep a firm grip on the total credit supply this year to ease the inflationary pressure that has been building up over the past few months.

Vice-Premier Zhu Rongji, who is also the central bank governor, told a national financial work conference which closed Saturday [15 January] in Beijing that all the banks must observe the "rules and discipline" enforced since July 1993 and control the credit line as planned.

He said that every bank must limit its lending to fixed assets investment projects and loans for major projects in infrastructure and basic industries will be arranged in a unified manner by the new state development bank.

Zhu said that banks will not provide loans to unauthorized projects or projects beyond the credit line.

"The planned total credit line must not be exceeded even by one yuan," the vice-premier stressed.

Zhu said that the macroeconomic control measures adopted by the central government are "appropriate", helping avert an excessive fluctuation of the national economy.

He said the over 99 percent of the key national projects have got the necessary funds; there have been no IOU's in purchasing agricultural produce; and the strained situation in the working capital of major production enterprises and foreign-funded firms has been eased.

At the same time, Zhu said, the over-issue of money has been curtailed; money supply has been controlled within bounds; the market exchange rate has been stable; and the state foreign exchange reserves have increased.

However, Zhu said that the macroeconomic control measures have eased some of the problems only to some extent and problems in the deeper part of the economy remain unsolved.

"We are still far from setting up a risk mechanism to effectively restrain investment in fixed assets and the inflationary pressure is likely to build up at any time," Zhu said.

He warned banks against inter-bank lending in violation of banking rules, raising interest rate without authorization or in disguise or running economic entities.

The central bank governor asked the specialized state banks to take a big pioneering step this year in their transition to commercial banks.

He said that the branches of the People's Bank of China should concentrate their efforts on stabilizing the currency and supervising operations of financial bodies.

The bank governor called for particular attention to the current task of preventing a resurgence of unauthorized lending and raising of funds, saying that only by so doing, is it possible to ease the inflationary pressure.

Qiao Shi on Legal System for Market Economy*OW1901125594 Beijing XINHUA Domestic Service in
Chinese 2140 GMT 13 Jan 94*

[Text] Beijing, 14 Jan (XINHUA)—Qiao Shi, Standing Committee member of the Political Bureau of the CPC Central Committee and chairman of the National People's Congress [NPC] Standing Committee, said recently: The establishment of a socialist economic structure is a great pioneering undertaking, and the establishment and development of a socialist market economic structure requires standardization and perfect legal guarantees.

In an interview with this year's No. 2 issue of the fortnightly magazine ZHONGHUA YINGCAI [CHINA'S TALENTS], Qiao Shi said: There is no precedent in the world for a smooth transition from a planned to a market economy, no ready formula for establishing the legal system of a socialist market economy. Therefore, China has to explore this on its own. Since the Third Plenary Session of the 11th CPC Central Committee was convened, the NPC and its Standing Committee have adopted more than 200 sets of laws and decisions concerning the law. Following the First Session of the Eighth NPC, 13 sets of laws and 11 decisions concerning the law have been adopted. A number of important laws will be enacted this year. The enactment and enforcement of these laws have guided, standardized, guaranteed, and regulated the creation of a socialist market economic structure. However, because the legislation for the socialist market economy covers extensive areas, there are numerous laws that need to be enacted. We must pay close attention to planning in our legislation. Judging from the present situation, the NPC and its Standing Committee must act promptly to formulate laws designed to standardize norms for the market, keep the market orderly, perfect macroeconomic control and regulation, and improve social security. The enactment of laws in these areas is essential to the establishment and perfection of a socialist market economy, which requires standardization and perfect legal guarantees. We should accelerate the pace of economic legislation and update the backward legal system in the spirit of reform so that people can be aware of legal and illegal behavior under the conditions of a market economy, and can use laws to guide, promote, and guarantee the smooth progress of reform and to provide a legal basis for the growth of the market economy. Meanwhile, we should revise or abolish in time laws and regulations which are incompatible with the establishment of the socialist market economic structure so as to ensure the consistency and coordination of the legal system of the market economy.

In discussing outstanding problems in the current legislative work, Qiao Shi said: In formulating laws concerning the socialist market economy, it is imperative to follow the theory of building socialism with Chinese characteristics and to act in the spirit of the party's 14th National Congress and in accordance with China's Constitution. We must be bold in exploration and practice, and we must imbue ourselves with the spirit of reform in handling and resolving problems and difficulties in the course of legislation. First of all, we must maintain legislation in pace with the progress of reform and opening up. In accelerating the pace of economic legislation, we must have a thorough grasp of Comrade Deng Xiaoping's guideline that it is better to have than not to have laws and to expedite than to proceed slowly with the enactment of laws. To avoid legislation lagging behind reform, it is necessary to promptly formulate laws concerning matters that should be promoted or abolished. Second, we must subordinate local interests to the overall interests of the state. The growth of a market economy will inevitably break the traditional pattern of separating administrative powers. Therefore, in drafting laws, it is necessary to bear in mind the overall situation of safeguarding the fundamental interests of the state and its people, and to avoid undue emphasis on local interests and powers. Third, we must proceed from the reality in China and boldly study and draw on the experience of other countries. Fourth, we must improve the legislation of local people's congresses and promptly formulate local laws and regulations concerning the market economy. Fifth, experts should play a more important role in lawmaking. Comrade Deng Xiaoping said long ago that we must have more experts specializing in various fields to take part in making laws. This idea is important. From now on, whenever any department wants to draft a law, it must seek the support of experts in related fields to do the job. When we do so, not only can we pool the views of all quarters, broaden our vision with collective wisdom, and accelerate the legislative process, but we can also speed up the process of training legislative, judicial, and law enforcement personnel. Sixth, while speeding up the legislative process, we must also pay attention to improving the quality of laws. When a law is being made, we must thoroughly study the legal principles and repeatedly assess the feasibility of their application. While the articles are being drafted, every effort must be made to make them clear, specific, and applicable. We must also pay attention to the compatibility between laws and draw up supporting regulations. After laws have been enacted, some laws need guidelines for implementation, and others must be interpreted. Meanwhile, the inspection and supervision over the implementation of those laws must be intensified so that they can effectively safeguard and promote the development of our socialist market economy.

Qiao Shi pointed out: Drawing up laws concerning the socialist market economy is something new for us. While we must consider China's actual situation when we draw up laws and regulations, we must also broadly study and

borrow other countries' legislative experiences and learn about those that are useful to China. All the laws must be conducive to developing the economy and safeguarding China's stability and unity. While we must consider China's actual situation when we make a law, this does not mean that we can ignore foreign experiences. We must dare to assimilate that in foreign laws which is good and useful to us. We should also learn from their mistakes. We may directly transplant those articles that we can use, and then reinforce [chong shi 0339 1395] and improve them during their application. Because the market economy is an open, worldwide economy, our laws relevant to the market economy must be compatible with certain foreign laws. This compatibility not only can speed up our process of creating market economic laws but can also link our economy with the world economy and enable us to compete in the world.

Stressing that laws must be strictly enforced in order to fight corruption, Qiao Shi pointed out: The problem of fighting corruption must be solved comprehensively. The problem cannot be effectively solved unless it is tackled with educational, administrative, legal, and various other measures. Over the years, the NPC and its Standing Committee have drawn up many laws specifying how corruption, bribery, smuggling, prostitution, patronizing prostitutes, drug trafficking, and other types of lawless behavior should be censured, and these laws are the legal basis for cracking down on economic crimes and punishing the corrupt elements. The problem now is that these laws have not been effectively enforced. Because laws are not obeyed—or not strictly obeyed—lawless conduct is not punished, and in certain places laws are replaced by verbal rulings or are repressed by wielders of power and crimes are even committed by law enforcement elements, certain lawless elements are not censured and acts of corruption have not been curbed effectively. Such phenomena must be corrected. To intensify legislation, law enforcement, and to censure corruption according to the law, the laws and regulations that have been drawn up must be firmly followed, everybody must be treated equally before the law, and no organizations or individuals may have the special privilege of placing themselves above the law. The NPC and its Standing Committee must intensify their inspection and supervision of the implementation of laws and must make every effort to correct the situation in which laws are not effectively enforced. Meanwhile, we must also seriously study the characteristics and the ways of fighting corruption when the country is adopting a socialist market economy, and we must continue to formulate or improve our laws and regulations relevant to administrative ethics so that there will be legal basis for censuring corruption more effectively.

Qiao Shi stressed: To intensify the anticorruption struggle, the party and the state must also improve their supervisory functions. Socialist market economic operations certainly will give rise to readjustments of administrative authority over the economy between central and local authorities and among various departments,

and we must devise effective mechanisms for controlling and supervising this authority. While establishing our socialist market economic system, we must have effective control and supervision over authority. Uncontrolled power is apt to generate corruption. During the course of the building of our socialist market economic system, we must also intensify our control and supervision over authority. We must set up a powerful supervisory system by organically combining the supervision by the party, state organs, organs of the Chinese People's Political Consultative Conference, and the masses as well as by the media. The establishment and the perfection of the legal system governing our socialist market economy certainly will be fundamental measures helpful for guarding against the generation of corrupt phenomena.

Government Reportedly Supports Market Diversification

*HK2001144394 Hong Kong TA KUNG PAO in Chinese
12 Jan 94 p 2*

["Special dispatch:" "The Central Authorities Urge Opening Up New Markets; The State Council Decides To Establish an Import and Export Credit Bank"]

[Text] Beijing, 11 Jan (TA KUNG PAO)—A central leader recently pointed out that China will continue to implement the strategy of market diversification and emphasis on quality in a bid to open up new markets.

This leader said: Over the past two years, China has made certain achievements in implementing the strategy of market diversification in the field of international economic relations and trade. On the whole, however, our trade is still confined to a small number of developed countries and regions. While preserving and developing existing markets, we must strive to open up new markets to ensure a bigger market area and leeway while spreading out risk for China's opening up and the development of its international economic relations and trade.

It is necessary to continue the effort to improve the product mix. Eight years ago, we proposed accomplishing two changes in the product mix, specifically, the move from the dominance of primary products to that of manufactured products and the change from primary processing of manufactured products to deep processing of manufactured products. The first change has been realized, but there is still a long way to go to reach the second. We must make energetic efforts to develop export-oriented machinery, electrical products, and packaging plants that are highly competitive on the international market, are processed on a deep level, have high added value, and demonstrate good export potential. The State Council has decided to establish an import and export credit bank, through which the state will give special support to the export of those items in

terms of credit funds. It is also possible to consider using methods such as offshore financing to support the export of capital goods.

It is necessary to carry forward the principle of emphasizing quality. This year, efforts shall continue to be concentrated on punishing the manufacturers and sellers of sham and shoddy commodities. The quality factor should be viewed as reflecting our national reputation and the quality of the people and as connected to the image of our socialist system and reform and opening up. All departments related to scientific research and development, production, foreign trade, customs, and commodity inspection shall cooperate fully with each other, shall make substantial efforts to strengthen quality control and supervision, and shall strive to make marked improvements in the quality of export commodities this year.

Official Urges Bankruptcy for Failing Firms

*HK2101132094 Beijing JINGJI RIBAO in Chinese 8
Jan 94 p 1*

[Article by special commentator Qiu Xiaohua (6726 2556 5478), chief economist of State Statistics Bureau: "Let Enterprise Bankruptcy Become a Mechanism"]

[Text] Since last year, aiming at the acute contradictions and problems arising from rapid economic development, the CPC Central Committee and the State Council have taken timely measures to strengthen and improve macroeconomic regulation and control; so far, positive results have been scored, and the overall situation is changing in a good direction. But at the same time, some problems and contradictions in economic life have emerged in another area, which is mainly manifested in the rising contradiction caused by market restraints. Problems such as operating under capacity, sluggish sales, increasing stocks and debts, and decreasing returns have once again plagued enterprises, especially state-owned enterprises, while the number of enterprises where production has stopped or who are operating at half capacity has markedly increased.

Judged superficially, these new problems, which have emerged during economic operations, are mainly attributable to the marked shrinkage of the supply of capital in society, and to the fact that enterprises are far from being able to fund themselves; on the other hand, the "two-way squeeze" resulting in a rapid increase in imports and the contraction of medium-term demand has intensified the difficult situation in which enterprises produce and operate. However, judged from a deeper angle, at a time when the macro environment is becoming easier, the repeated occurrence of big increases in losses incurred by enterprises, especially state-owned enterprises, is attributable to the fact that enterprises have not yet formed a bankruptcy mechanism which gets rid of poor performers and allows only the fittest to survive, and this is the crux. Because the process of structural adjustment of assets in stock is rather slow, resource allocation cannot

be promptly optimized, and the result is that the state has to support both loss-making and profitable enterprises, leading to the irrational situation in which bad enterprises tie down good enterprises and both good and bad enterprises compete for limited resources. This kind of mechanism, which allows both bad and good enterprises to survive, will inevitably cause a conflict in which resources in society are always in short supply and problems in the market are always acute. So long as this kind of mechanism exists, it is difficult to cast off the currently existing condition in which state-owned enterprises lack adequate vitality and a large number of them are making losses. If we merely increase the money supply in order to solve the conflicts, what follows will be price increase, and eventually we will have to strictly control the total quantity in order to eliminate the problem of inflation. Therefore, forming a mechanism as soon as possible which allows enterprises to go bankrupt is an indispensable link in reducing restraints on the market and resources. Otherwise, if the cause of the illness is not removed, inflation and debt chains will take their turn to enter and leave the stage, and this will inevitably affect the stable development of the economy and could even cause us lose the opportunity for development.

Judging from the current situation, although the Enterprise Bankruptcy Law has been implemented for five years, it has often been difficult to shut down enterprises. There are many reasons for the failure to form a mechanism allowing enterprises to go bankrupt. Among the main obstacles, one is restraints due to traditional concepts. Due to a lack of proper understanding of the need to allow good state-owned enterprises to survive and bad ones to disappear, as well as the need to form a bankruptcy mechanism, in practice, a whole set of policies and measures protecting backwardness and allowing both good and bad enterprises to exist has been implemented, and this has insulated state-owned enterprises from the bankruptcy mechanism.

Second, restraints from the old system. On the one hand, the ownership of enterprises is ambiguous; superficially they are owned by the whole people, but actually no one is responsible for them, and the operators of enterprises can hardly promptly handle the assets of enterprises according to objective needs, bad enterprises cannot be sold, and good enterprises cannot be purchased, and this inevitably affects enterprise bankruptcy. On the other hand, there are barriers between higher and lower levels, between regions, and between ownership systems, everyone has a say in deciding whether a state-owned enterprise should live or die, and they refuse to allow it to change its ancillary relations easily. In addition, inequalities in taxation and pricing policies often lead to a situation where state-owned enterprises shoulder many burdens of a state policy nature, and there are no common bench marks for enterprises which are not subject to the restraints of the state's mandatory policies, and this has made it impossible for enterprises' returns to really reflect good or bad operational conditions in enterprises.

Third, restraints from social security. For a long time, we have not admitted the existence of an unemployment problem under socialist conditions, therefore, we have not established a series of social security systems, such as unemployment insurance, old age insurance, and medical insurance. As a result, burdens in these areas have to be shouldered mainly by enterprises themselves. It is often very difficult to solve this kind of problem, which is caused by history. At present, the country is still not in a comfortable financial condition, and, for a short period to come, cannot completely shoulder the social security obligations if enterprises go bankrupt.

Fourth, restraints from the production structure. At present, among enterprises which really have to go bankrupt according to the law of our country, many are producing excess products, and their ability to change production capacity is low. For example, although many military enterprises need readjustment, their production capacity cannot be easily transformed into a capacity which is badly needed in society, therefore, there is no way they can go bankrupt. In addition, the overdevelopment of the processing industry is another problem, because many enterprises are duplicating low-standard construction; in fact, their assets have lost value in society, and, after going bankrupt, they cannot spare effective resources. On the contrary, society has to spend a portion of new resources to protect them. Since the input-output process has low returns, it is better to keep them rather than to close them.

Fifth, restraints from the legal system. Enterprise bankruptcy involves transferring assets and debts, but, at present, the asset assessment and transaction order and the debt settlement order are not standardized, and sound protection by the legal system is not in place. Therefore, it is still difficult to perform various tasks relating to enterprise bankruptcy in a prompt and orderly fashion.

To conclude, at present, there are many factors restraining the bankruptcy of state-owned enterprises, but the most important ones are obstacles in terms of concepts and systems. Therefore, to form a mechanism as soon as possible which allows enterprises to go bankrupt, we must proceed from reform and realize and perfect it during reform.

First, we must change the functions of government as soon as possible and realize the running of society by the government. Only when we can grasp the building of a social security system and a reemployment mechanism, remove various unequal policies and conditions as soon as possible, and return the duties and functions of running society from enterprises to the government so as to allow state-owned enterprises to unload their burdens, can we then make it possible for enterprise to go bankrupt.

Second, we must firmly grasp innovation in the enterprise system to make it suit the needs of the market economy. To establish a modern enterprise system and

practice corporatization, the crux is to straighten out property rights relations and cast off a situation where the government is not separated from enterprises, and only by doing so can we really form a mechanism allowing enterprises to go bankrupt.

Third, we must build an assets transaction market as soon as possible and create conditions for the flow of enterprise assets after they go bankrupt. When enterprises go bankrupt, there has to be an assets transaction market as protection, for it would be difficult to effectively promote enterprise bankruptcy if only the government's actions are relied on; we must also use the strength of market and rely on market rules to carry out fair competition and transactions to enable bankruptcy to become a natural phenomenon. For this reason, we must step up work in formulating standardized market transaction regulations to safeguard orderly transaction behavior, protect legal interests, and crack down on illegal phenomena.

Fourth, we must properly direct public opinion, publicize the objective necessity of enterprise bankruptcy through the mass media, and change the influence of traditional concepts. A correct direction for public opinion is the "catalyst" for correct psychological expectations and behavioral norms, and doing this job well is helpful to the smooth promulgation of various reform measures.

Fifth, we must adhere to the principle of active and steady work and solidly promote an enterprise bankruptcy system. Because the direct reason for enterprise bankruptcy in our country at this time when the system is changing track is very different from the reasons for enterprise bankruptcy under the conditions of a typical market economy, therefore, bankruptcy has to embody the principle of the market economy on one hand, and suit China's conditions on the other hand, and we must operate prudently when handling bankruptcy, design scientifically, and reduce various negative effects to the minimum. We can study whether we can build an early warning system for bankruptcy, and by so doing we may, on the one hand, cause bankruptcy pressures on enterprises so they will build self-restraining mechanisms and quicken their pace toward the market, and, on the other hand, enable the state to have a general idea of the quantity of losses which have been incurred by enterprises over the years and which have to be handled by way of bankruptcy to provide scientific data for macro-regulation and control on the restrained release of the negative effects to society of enterprise bankruptcy.

State Firms To Change to Limited Companies

HK1901091194 Beijing ZHONGGUO XINWEN SHE
in English 1110 GMT 18 Jan 94

[Text] Beijing, January 18 (CNS)—China is to change its state-owned enterprises into state-operated solely-funded limited companies in a bid to establish a new state-owned enterprise system.

The state-owned solely-funded limited company pattern will be a new organizational pattern in China's company system. As enterprises of public ownership are now being involved in the trial practice of the shareholding system, the restructuring of state-operated enterprises into state-owned solely-funded companies will change state-owned enterprises into legal persons observing the basic principle and the management system employed by companies.

Following restructuring, the solely-funded limited companies will have certain fundamental characteristics including first, the independence of such enterprises of the sources of their capital and their being a legal person with their registered capital enabling them to enjoy their civil rights and shouldering their civil responsibilities. Second, the state is the only source of capital for a particular enterprise and it holds limited liability for the company to the extent defined by the amount of capital it offers. Third, management bodies involving state-owned assets have to base their trust on the board of directors which should be authorized to manage the company's assets and act in the interests of the company.

Implementation of New Taxation System Reviewed

HK1401132894 Beijing RENMIN RIBAO in Chinese 9
Jan 94 p 1

[By ZHONGGUO SHUIWU BAO [CHINA TAXATION JOURNAL] reporter Wang Yongli (3769 3057 7787): "The First Week After the New Taxation System Was Put Into Effect"]

[Text] The new taxation system has been implemented for a week. Has the work of levying tax on enterprises and tax payment returned to normal? Are commodity price fluctuations caused by the taxation reform? Bearing these questions in mind, this reporter visited Beijing Municipal Administration of Taxation in the tax-levying period.

Speaking a Few Words on Consumption Tax Again

In the current taxation reform, we adopt the turnover taxation system with value-added tax at its core, which is a relatively standard one in the international community. Value-added tax reduces the occurrence of repetitive levies and embodies the general international principles of being impartial, neutral, universal, and simplified. Since a basic tax rate of 17 percent and a low tax rate of 13 percent are set in the value-added tax, all kinds of enterprises are subject to this levy and have to pay 17 (or 13) percent in accordance with the regulations. The value-added tax covers the whole process of commodity production and circulation, simplifies the taxation system, brings about a fair share of tax burdens, and is conducive to converging with the international market. However, in the process of implementing a value-added tax, the tax burden on commodities, which is also heavily taxed in the international community,

markedly drops. In the current taxation reform, we apply the method of implementing a consumption tax to carry out special readjustment. Some people think that the "Provisional Regulations on PRC Consumption Tax" are precisely equivalent to the special consumption tax of the past. Hence, small fluctuations were stirred up several days ago.

On 5 January, invited by this reporter, Sun Zhiqiang, director of Beijing Municipal Administration of Taxation, spoke a few words on consumption tax again. Director Sun said that consumption tax should be grasped from four aspects: 1. A consumption tax, which derives from product tax and value-added tax in the former taxation system, is the conversion of the old taxation system into the new taxation system. In the past, prices with a consumption tax levied contained product or value-added taxes, and the proportion was high. As far as the new value-added tax implemented at this time is concerned, taxes levied on these commodities drop and will be collected by the State through levy of a consumption tax; this is a change in the internal structure of our taxation system. The levy of consumption tax does not increase the overall tax burden of these commodities, therefore, the consumption tax does not directly affect commodity prices. 2. As far as the scope of levying and collecting a consumption tax is concerned, it embodies the principle of "imposing a ban on something through levying taxes." For example, this principle applies to commodities other than daily necessities, such as valuable jewelry and cars; some commodities which are not suitable for over-consumption, such as cigarettes, liquor, and firecrackers; and some commodities which are resources in nature and which cannot be regenerated, such as gasoline and diesel fuel. 3. There are 11 categories of items on which the consumption tax is levied, which will not affect daily lives of the masses. 4. Carrying out special readjustment through levying a consumption tax on certain commodities is the usual practice of most of the countries in the world.

Value-Added Tax Is An Important Link in the Chain of Economic Life

As far as large-scale and open specialized trades in society are concerned, production, circulation, and consumption form an interlinked chain. The new value-added tax reforms ends, once and for all, the old taxation system, and it is also an interlink which strengthens the chain of economic life. What counts is to help all taxpayers understand and master the system. Following the promulgation of the "Provisional Regulations on PRC Value-Added Tax" on 13 December, all cadres of the taxation sector were urgently mobilized to use the fastest way in the shortest period of time to convey this "Regulation" to tens of millions of taxpayers, and to explain and sell value-added tax special vouchers to be used by enterprises from 1 January. In the following 10 days or so, taxation cadres tried very hard to explain the new measures to the people.

On 5 and 6 January, which was in the tax-levying period, this reporter visited the Cuiwei Road Taxation Office under Haiding District Taxation Sub-Bureau, the No.1 and No. 3 Taxation Offices under the Chaoyang District Taxation Sub-Bureau, and taxation sub-offices dealing with cases involving foreign investors. In the Cuiwei Road Taxation Office, a comrade from the Rongjie Technological Development Company of the Haiding District Maintenance Station of Metal Structures asked, "Our unit in-charge pays sales tax, what tax should we pay?" Liu Jianxin, an official especially dealing with the case, asked in reply, "Is your enterprise's accounting work done independently?" The comrade replied, "Yes." Liu Jianxin said, "Then, you should pay the value-added tax." The taxpayer said, "What we produce is non-standard pressure containers, and processed materials must be supplied by senior units, but there is no special voucher and we are not able to cast accounts." Liu Jianxin said, "Your internal operating mechanism should be readjusted." The taxpayer said, "Our earnings also come from running training classes and doing maintenance work." Liu Jianxin said, "A sales tax is levied on income earned from training classes whereas a value-added tax is levied on income earned from maintenance work, they are accounted and taxed separately..." According to this reporter's calculation, more than half an hour was spent on this case.

At the No.3 Taxation Office under Chaoyang District Taxation Sub-Bureau, a comrade of Zhongxin Motor Company asked, "We have kept over 100 cars in stock, now customers want to buy them, what kind of vouchers should we issue?" Jia Yongxuan, head of the administrative group, replied, "You should issue special value-added tax vouchers." The taxpayer asked, "How are they issued?" Jia Yongxuan answered, "You should first calculate the cars' import prices, profits, and taxes, then divide them into different categories and calculate the prices with taxes deducted and the amount of the new value-added tax, and fill in special vouchers separately." Since the taxpayer still did not understand, Jia Yongxuan unfolded two sheets of paper, wrote down the calculations and explained in detail to the taxpayer at the same time. It was only when the two sheets of blank paper were fully filled with calculations that the taxpayer said, "I get it." For a long time in the past, taxes were included in calculated prices, but now taxes are not included in the calculated prices. This sudden conversion, together with the task of breaking down enterprise stocks into prices and taxes and enabling taxpayers to properly use value-added tax vouchers, is the very beginning of the normal operation of the new taxation system as well as the point of convergence between the new taxation system and economic life. This is complicated and delicate work, and only when taxpayers study it for a certain period of them can they grasp it.

Problems of Understanding and Operation Must Be Solved As Soon As Possible

Since the new taxation system has been introduced for only a short time, some enterprises do not have a clear

understanding of the concept of deducting the new value-added tax from prices. For example, the enterprise in the first link of production issues a correct special voucher, but the enterprise in the second link of trade makes a mistake when calculating the retail price, that is, it adds the purchase price to the tax amount levied in the previous link and multiplies it by the difference between the two prices, thus increasing the commodity's retail price. Moreover, some enterprises simply add a proportion of the amount of sales tax to the original prices which have already included taxes, thus leading to an extremely large rate of price rise. These are problems of understanding and operation, which can be solved through constant training and propaganda.

Official: Auditing of State Operations To Increase
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[Text] Beijing, January 18 (XINHUA)—As part of the country's new year's resolution, the auditing administration at all levels will expend more effort this year in checking and supervising state financial revenue and expenditure, taxation and banking systems, as well as operation of state-owned assets.

Lu Peijian, auditor-general of the State Auditing Administration, said here today at a national auditing conference that one of the main tasks of this year's work is to check for the existence of illegal transmissions of capital funds in financial departments.

He explained that from this year on, about one-third of the major state projects currently under construction will have to be audited every year. Those already completed will certainly be included.

The auditing administrations will mainly check whether investment in these projects has been directly and rationally applied to its designated uses.

So far as overseas-funded construction projects are concerned, Lu said, standard audit reports will be submitted to overseas investors, so as to be in line with international practice.

China has yielded good results in auditing during the last ten years since it set up formal auditing administrations.

In the period, over 22.8 billion yuan which should have been raised for state financial departments but had been pocketed illegally has been uncovered by auditing administrations.

As a result, they have helped cut down state expenses by more than 40 billion yuan.

Journal on Economic Forecasts for 1994

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[Text] In December, the CPC convened a national economic work conference at which some forecasts and arrangements for next year were made. The formal annual economic plan will only be made public after it has been passed by the NPC in March of next year. However, from the research of CPC think-tanks, we can gain an understanding of some of the ideas of the authorities in respect to the economy next year.

"An Analysis of 1994 Macroeconomic Trends" by Liang Yan [4731 6056]

The direction of the economy in 1994 will be determined by the orientation of the regulatory and control policies adopted by the central government. In the first half of 1993, the speed of growth in national GNP (gross national product) reached 13.9 percent. Seen from the current economic operational situation, it will be very unlikely that it will be possible to bring annual growth in GNP back down to below 10 percent by relying solely on the existing regulatory and control strengths. Thus, the annual growth in GNP for 1993 will very likely be between 9 and 12 percent.

1. The expectations and actions of the central government.

The various central research institutions have put forward four possibilities for GNP growth next year.

1. First possibility: GNP growth will be less than 9 percent.

When the central government is deciding the orientation of its 1994 macroeconomic policies, it will be mainly considering the two following factors: 1) The level of economic growth in the second half of 1993; 2) The growth in the level of prices.

If the GNP growth in the second half of 1993 falls back to below 7 percent (the possibility of this is very small), the central government will place price levels in a secondary position, and will implement a relaxed monetary policy, so that the GNP growth in 1994 will recover to 9 percent. This is because the fall in GNP growth to 7 percent will mean a higher price has to be paid for the retrenchment policies, and nobody wants to see that. If price level increases follow GNP growth back below 10 percent it is certain that we will see a relaxed monetary policy in 1994.

Second possibility: GNP growth will be 9 percent.

If the GNP growth in the last half of 1993 falls back to between 7 and 10 percent, and if growth in price levels continues to hover around 15 percent, it is possible that the central government will take as its major concern

clamping down on inflation, and will continue to implement a tight monetary policy for a time, at least until price level growth returns to below 10 percent. In this way, the GNP growth in 1994 will hover around 9 percent. Of course, the central government would not be happy with this situation.

Third possibility: GNP growth will be 10-12 percent.

If the GNP growth in the second half of 1993 is between 10 and 12 percent, and price increases fall back to below 10 percent, this will be an economic operational situation which will be quite pleasing to the central government. This is because, in such a situation, there will be little difficulty for the central government to make policy choices. This will result in the central government maintaining a tight monetary policy in 1994. The degree of tightness will be reduced but it will not be completely given up. As long as the GNP growth rate is lower than 12 percent, but higher than 10 percent, the tight money policy will assist in restraining the sprouts of economic overheating as necessary, and can also guard against an economic landslide.

Fourth possibility: GNP growth will be above 12 percent.

If the GNP growth in the second half of 1993 is maintained at or above 12 percent, and the level of price increases is higher than 10 percent, then in 1994 the tight monetary policy of the last half of 1993 will be maintained and the degree of tightness may even be increased.

Looking comprehensively at the various factors, the economic regulatory and control policies adopted by the central government in 1994 will depend of the operational results of the economy in the last half of 1993. However, the aim of maintaining GNP growth at 10 percent in 1994 will not be difficult. The key question is what measures need to be adopted to curb inflation, so that it can be controlled at below 10 percent.

2. The expectations and actions of local governments.

The local governments represent the interests of the regional economic entities. Thus, there are often clashes with the overall interests represented by the central authorities. However, the local governments are also very important intermediate links in the implementation of the central government's targets, and the effectiveness of the central government's policies is to a large degree determined by the matching policies of the local authorities. Seen from the current situation, it is impossible for local policies to fully implement central macroeconomic regulation and control policies. It may well occur that they, to a greater or lesser extent, water down the central policies when implementing them in the localities. This is because there is mutual vying between provinces and regions in terms of economic growth, and this has become a major factor in promoting economic overheating.

In addition, because of the imbalance between the economic development of various regions, they all have full

reason to try to accelerate the economic development of their own regions. The local governments in various regions are worried that if they completely implement the central retrenchment policies, it will result in their locality suffering harm. In the first half of 1993, while the speed of GNP growth in some coastal provinces exceeded 20 percent, in some other provinces, GNP growth was only about 3 percent. The situation across the country was that the growth in coastal areas was higher than that in the central areas, and in turn that in the central areas was higher than that in the western areas. This disparity basically reflected the levels of economic development in the respective areas.

The high speed of economic growth in the last two years involved the role played by a certain amount of mutual vying between provinces. This was particularly so in respect of the leading provinces, whose speed of economic growth exerted a very great psychological pressure on other provinces.

Economic operations in 1994 will still be carried out under the impetus of the mutual vying between various levels of local government. The central government's tight monetary policies have already realized certain results. However, the policies and activity modes of local governments cannot be changed and it is very likely that those who have been affected most by the tight monetary policies are the hinterland provinces. First, the funds of coastal provinces do not have the feedback problem, and it is possible that for there to be continuous development in those areas. The process by which a small amount of the funds of hinterland provinces are fed back from coastal provinces also means that the costs of the original engineering projects will increase. Under the current tight monetary policies, feed-back funds will for a time experience difficulty in finding a profitable project. This will result in the use-efficiency of the funds of the hinterland provinces being greatly affected. Second, the funds which have been fed back from the coastal areas and invested in projects may, in a situation where there are no guarantees of continuing funds, turn into dead funds. For these two reasons achieving the feed-back of funds is extremely difficult.

The goals and activity modes of local governments means that economic operation will maintain a growth of about 10 percent. This is because the tight monetary policies of the central government have not yet been implemented to the degree where they completely bring under control the activities of mutual vying between local governments. At the same time, the differences in the economic development levels of various regions are becoming increasingly great and in the process of micro-economic regulation under the tight monetary policies, the mutual vying among local governments will push the Chinese economy to a fairly high level of growth.

3. The expectations and actions of enterprises.

The tightening up policies which were initiated in the last half of 1993 resulted in newly commenced projects

being partially controlled, and the prices of building materials falling back to lower levels. These tightening up measures checked the scale of production of enterprises, and the market saw a contraction. However, the capacity of enterprises to absorb the costs of raw and semifinished materials was improved. In looking at whether or not the economic results of enterprises can be improved, we have to look at which of these influences is the strongest. If the former is stronger than the latter, the enterprise results will see a decline. In the opposite case, the results will see an improvement.

Actually, the current microeconomic regulatory policies deliver a message to enterprises, and that is that in 1994 the economy will still grow at quite a high speed. However, in a situation where financial order sees an improvement, it may well be of greater benefit to the development of production by industrial enterprises, as funds will flow toward industrial production. However, in a situation where the pressure on the scale of investment is not great, enterprises have an optimistic attitude towards economic growth in 1994. In addition, over the last year, consumption by social groups has seen a trend of strong growth, and consumption by the people has seen a steady rise. Thus, economic development in 1994 may well see stable high-speed growth prompted by the optimistic activities of enterprises.

"Analysis and Forecasting of Grain Supply and Demand" by Cheng Cheng [4453 0701]

1. Forecast of grain supply in 1994.

1. Forecast of the country's output.

According to forecasts by the Ministry of Agriculture this year (1993), there will be increased agricultural production in most areas of the country. Total grain production is likely to reach 438.86 million tonnes. In 1994, output may reach 451.79 million tonnes, which will be a record figure.

The increased grain production in 1993 has been realized in a situation where area planted has seen a continual reduction. (Following reductions in the previous 2 years, there has been a further reduction of 11 million mu this year) It is estimated that 1994 will see a slight increase in the area planted, and the total may reach 1.66-1.68 billion mu.

2. Forecast of imports next year.

In the past, it was generally the case that over 10 million tonnes of grain was imported annually. Now that prices have been freed and each region can operate as it wishes, it is estimated that 1994 imports will be 13 million tonnes. Converted to unprocessed grain, this will be equivalent to about 15.03 million tonnes.

2. Forecast of grain demand in 1994.

1. Forecast of food grain demand.

In 1992, per-capita grain consumption in China was 235 kilograms. It is estimated that in 1994, this figure will fall to 233 kilograms. If, in 1994, the national population reaches 1.20 billion, the total volume of food grain consumed throughout the country will be 15.93 million tonnes.

2. Forecast of fodder grain demand.

In 1992 the per-capita consumption volume of fodder grain was about 63 kilograms. It is estimated that in 1994, the per-capita fodder grain demand might reach 67 kilograms. The national demand for fodder, converted to unprocessed grain, will total about 93.22 million tonnes.

3. Forecast of demand for industrial-use grain.

It is predicted that in 1994, demand for industrial-use grain (including industrial-use grain utilized in foodstuffs, non-staple foodstuffs and non-food products), converted into unprocessed grain, will total about 14.15 million tonnes.

4. Forecast of demand for seed grain.

It is predicted that the demand for seed grain throughout the country in 1994 will be 19.15 billion tonnes.

5. Forecast of export volume.

From January to August, China exported 7.79 million tonnes of grain, an increase of 560,000 tonnes on the same period last year. The volume of grain imports was 4.51 million tonnes, a reduction of 4.59 million tonnes as compared with the same period last year. With this one increase and one decrease, over the period January to August, the net exports increased by 5.15 million tonnes. It is estimated that the net import of food grain in 1994 could reach 7 million tonnes, while 1994 exports could reach 12 million tonnes.

Totaling the above-noted items and adding the 3 million tonnes of grain wasted or spoiled annually, the total demand for grain will be 462.92 million tonnes, of which domestic demand will total 452.92 tonnes.

3. Analysis of China's grain supply and demand in 1994.

On the basis of the calculations above, 1994 should see demand exceeding production, and we will have to make use of stores and imported grain to fill the shortfall. Thus, the general trend of the market price of grain next year will be upwards. In particular, because the market looks good for paddy, corn and wheat, their prices will rise to varying degrees.

"Inflation Rate in 1994 Will be Between 7 and 10 Percent" by Jiang Zhuowen [3068 0340 2429]

There are many factors which will affect the trend of prices in 1994. Of these many factors, a number of factors such as the scale of investment, macroeconomic policies, interest rates for deposits and the price reforms will have a major influence on prices in 1994.

Investment. The value of actual investment completed in 1992 was 758.9 billion yuan, an increase of 37.6 percent. This year, the plans kept the figure to 800 billion yuan, an increase of 5.5 percent. However, excluding price rise factors, there will be an increase of between 34 and 40 percent. By July, as the strengthened effects of macroeconomic regulation and control had begun to see results, the cut back of fixed assets saw a reduction in newly commenced projects, a decline in commodity housing investment and a reduction in the growth of investment in local projects. However, the various key state construction projects, especially those which increased supply and alleviated bottlenecks, were not affected.

From this we can see that while the increase in fixed assets investment this year may be lower than the growth in 1992, it will not be much lower, and it is likely that a growth rate of about 30 percent will be maintained. That is, investment will be 940 to 980 billion yuan. It may also occur that the investment will break the 1 trillion yuan mark. If this year's growth rate is maintained next year, it will have a definite effect on the overall annual price trend.

The regulatory and control power of the macroeconomic policies. Because of the deepening of reform and opening up, the establishment of a market economy structure and particularly because of the initial establishment of China's commodity market and the initial establishment of an economic operational mechanism, macroeconomic regulation and control has already seen initial results.

As to how to carry out regulation and control during the next step, the central authorities have decided to carefully handle the regulatory and control power, so as to avoid great economic fluctuations. The characteristic of the operation of these macroeconomic regulatory and control measures is "restricted braking, so as to achieve a soft landing." Thus, it is predicted that in spring next year, the regulatory and control powers may be gradually relaxed.

Interest rates. The raising of savings deposit interest rates by the People's Bank of China on two occasions, 15 May and 11 July, had the dual effects of increasing deposits and controlling people's inflationary expectations. However, the sizes of the increases and the rapid pace of their concrete implementation are worthy of study. The great increase of 2.18 percent in the interest rate on 15 May saw a lively response by urban and rural residents, and in May and June the people increased their deposits by 54 billion yuan. This was 18.2 billion yuan more than the increase during the same period of the previous year. It should be possible to complete the issue of state bonds in coordination with administrative measures. Seen from the situation at present, if the current interest rate level is maintained until the first half of next year, it will be beneficial to the reduction of the money supply, and it will ensure that prices see a quite low growth rate.

Price reform. Considering things from the current controlling of inflation and the controlling of inflationary expectations, the State Council has decided to implement no further price reform measures in the second half of this year, and related plans have been postponed till an appropriate time in future. The choice of an appropriate time to implement price reforms is a very important issue. The reason price reforms saw results during the period of economic improvement and rectification was because at that time the overall level of prices was quite low. Thus, even if the price reforms took big steps, it did not induce inflationary expectations among the people. The current postponement of the implementation of price reform measures is intended to restrain inflation.

Although the investment, interest rate and macroeconomic policies and the price reforms will play basic roles in respect of the price situation next year, we also need to pay attention to exports, imports, exchange rates and the economic situation around the world.

Exchange rates. Generally, it can be said that the price of renminbi on the foreign exchange market will continue to be stable. This is because on the one hand, international pressure is great. Various Western countries widely believe that China promotes imports by keeping the value of its currency low, so as to offset the disadvantageous effects of the large increase in imports following its readmission to GATT. If the renminbi is devalued by a great amount however, it will have a negative effect on the efforts to be readmitted to GATT. On the other hand, the policy-making level in China has already recognized that relying purely on a low exchange value of renminbi to promote exports is not only of limited effectiveness in promoting exports, but can also increase the prices of domestic imported products, and give rise to domestic inflation. This will have a negative effect on China's efforts to control inflation. Thus, a stable exchange rate is the basic trend.

Next year, there will be a decline in the growth of the scale of investment, interest rates will be maintained at current levels, macroeconomic policies will continue to increase the degree of macroeconomic regulatory and control, price reforms will continue to be deferred, there will continue to be a favorable balance of trade and the exchange rate will be stable or will see a slight decline. In addition, there will be the effects of "cockiness factors" [qiao wei yin su 5062 1442 0936 4790]. Thus, next year, the level of prices will see an overall fallback. Over the year, there will be a low rate of economic growth of between 2 and 5 percent.

Next year, the scale of investment will maintain a growth rate of 30 percent, while at an appropriate time in the first half of 1994, interest rates and macroeconomic policies will be gradually readjusted. Price reforms will also be revived and they will be tightly grasped and completed. In terms of foreign trade, there will be a small favorable balance or an overall balance. The exchange rate will be basically stable or will see a slight decline.

This will be beneficial to macroeconomic readjustment and the maintenance of an appropriate speed of growth. It will also be beneficial to absorbing the effects of cockiness factors. Next year, the basic trend of prices will be a stable increase of between 7 and 10 percent.

"Steel Output in 1994 to Top 90 Million Tonnes" by Wang Li [3769 0500]

In the first half of 1993, China's steel output reached 43.43 million tonnes, in which the output of steel products reached 38.5 million tonnes. These figures were respectively 12.5 percent and 21.23 percent up on the same period in the previous year. Calculating on this basis, the total annual production for 1993 will reach 87.5 million tonnes. This shows that China's iron and steel industry has great prospects.

In 1994, if the national economy continues to grow at a speed of 9 percent, there will be a corresponding increase in the consumption of steel products, and the output of steel products will continue to grow on the basis of this year's production. There appears no doubt that steel output will top 90 million tonnes next year. Following the disintegration of the former Soviet Union, China's steel output may leap to the number two position in the world next year. Although next year the steel products market will continue to see a situation where supply cannot meet demand, it is predicted that the supply-demand contradiction will be less intense than that this year.

The reason the steel enterprises will see such growth is that during the Seventh Five-Year Plan and during the first 2 years of the Eighth Five-Year Plan, a great volume of technical transformation funds have been invested, and production capacity has been raised. Thus, next year steel output will continue to see sustained growth. What will constrain it will be raw materials such as iron ore and scrap steel and the transport facilities. Apart from having to adopt necessary policies and encourage increased production of iron ore domestically, there is also a need to appropriately increase the imports of iron ore, scrap steel, and steel blanks.

To sum up, as there will still be a supply-demand gap, we can look forward to another upward movement in the market. In 1994, the demand for steel products will grow by 10-13 percent. As to resources, domestic production may increase by 12 to 15 percent and to some degree it will be necessary to rely on imports.

In terms of trading in iron and steel, there will be a decline in the import of steel products. This will show itself in the second half of this year. According to relevant statistics, in the first half of this year, 11.16 million tonnes of steel products were imported, a growth of 3.6 times as compared with the same period in the previous year. However, in the second half of the year, the volume of steel products imported has seen a decline. It is estimated that over the full year, about 15 million tonnes will have been imported. In 1994, even if China joins GATT, the volume of imported steel products

certainly will not be higher than this year, and will very likely be about 10 million tonnes.

"Renminbi To Devalue by 15 Percent in 1994" by Jia Changlu [6328 7022 6424]

During the period while the renminbi is making the transition to free convertibility, there exists the risk that inflation will be induced. The exchange rate lever will become an important means by which to regulate domestic and external economic relationships.

In 1993, because of the strengthening of psychological expectations and speculation in foreign exchange, strong market-driven fluctuations occurred in the swap exchange rates. Over 7 months, the swap exchange rates for the renminbi saw three major fluctuations, on each occasion exceeding 20 percent. This means that the renminbi has already been successively devalued from the posted exchange rates, to where even the swap exchange rate is, through these fluctuations, moving downward.

China's economic relations with the outside world have already greatly expanded and fluctuations in international prices directly affect the domestic economy. If the renminbi is not freely convertible, a great amount of international inflation will flow into the country, but it will not be possible for domestic inflation to be transferred out into the international sphere. If there is no futures market for renminbi, the major risks and damage resultant from exchange rate fluctuations will have to be borne entirely by enterprises. During the period while the renminbi is making the transition to free convertibility, there exists the risk that inflation will be induced. There will be an increasingly close relationship between Chinese residents and foreign exchange, and the exchange rate lever will become an important means by which to regulate domestic and external economic relationships. On the basis of this situation, in 1994 the renminbi will experience the following trends:

To what degree will the renminbi devalue in 1994? The posted exchange rates are determined on the basis of export foreign exchange costs, while the swap exchange rates are decided by the import situation and the foreign exchange management system. In 1994 and for several years hence, renminbi exchange rates will see a trend of devaluation. The reasons for this are:

- The domestic economy will see sustained high-speed growth and GNP will grow at over 10 percent annually.
- Inflation will be sustained at quite a high level, with the retail price index seeing an annual growth of 10-15 percent.
- Exports will grow annually at over 20 percent, while imports will grow even more swiftly. Thus, a trade deficit will appear.

—Foreign exchange management will be gradually relaxed and even if it is not relaxed, actual loss of control will become increasingly serious.

At the same time, the fluctuations in the swap exchange rates will be frequent and these will mainly arise through speculation in foreign exchange. If the state engages in effective intervention through foreign exchange purchases and sales, these fluctuations may be reduced. If the state uses the highest price limit to carry out control, it will result in the expansion of the foreign exchange black market.

Initial estimates indicate that in 1994, swap exchange rates will see a drop of about 15 percent. This will exceed the domestic price rises and economic growth. In subsequent years we will see a devaluing of between 10 and 15 percent annually. This is deduced on the basis of historical experiences. Over the last 15 years, the renminbi exchange rate as calculated on the basis of the posted price has fallen from \$1 being equivalent to 1.7 yuan to where it is valued at 5.8 yuan, a fall in value of 240 percent, or an average annual fall of 10 percent. According to the swap exchange rates, it has fallen in value to 10.8 yuan, a drop of 535 percent, or an average annual devaluation of 15 percent. Also, the overall level of domestic prices has risen 150 percent. That is to say, the value of the renminbi externally has fallen at a rate which is twice as great as the decline in the domestic value, and in future this trend will continue.

Is the swap exchange rate stable?

The exchange rate falling back in July 1993 was mainly the product of the implementation of state economic regulatory and control measures, which changed psychological expectations and resulted in companies selling off large quantities of foreign exchange. The reason it did not break through the 8.5 yuan base line was the limitations imposed by the foreign exchange costs of exports. If the value of the renminbi climbed further, it would affect exports and promote imports. At present, the rate is stable at about 9 yuan. This is the result of a balance between the two forces. In the first half of the year, the trade deficit reached \$3.5 billion, while foreign exchange reserves fell to \$6 billion. Proceeding from the requirement to achieve a balance of international payments, the renminbi should not be allowed to devalue excessively.

However, as the domestic economic retrenchment whereby banks only accept funds and do not provide credit has been in place for over four months, the renminbi is extremely tight, and it will naturally not lose much value. The current stability is only temporary. The domestic tight monetary policies cannot be sustained for too long a time, and they will probably begin to see gradual relaxation by the end of the year. Also the demand for foreign exchange to fund imports has not been reduced. Thus, it is predicted that by the beginning of 1994, there will be a further fall in the renminbi swap foreign exchange rate.

"The Risks of Merging Exchange Prices Next Year" by Jia Changlu [6328 7022 6424]

The 3d Plenary Session of the 14th CPC Central Committee decided that beginning next year, the exchange prices of the renminbi would be gradually unified. At present, for renminbi there are "three prices for the one currency." There is the "official price" (where \$1 converts to 5.68 yuan). There is also the "swap price" (where \$1 converts to 8.7 yuan) and further the "black market price" (where \$1 converts to 9 yuan). The situation is extremely chaotic and this has obstructed the normal development of international trade and investment.

Can the dual-track exchange rate be unified?

Another significance of the devaluing of the posted exchange rate is that under conditions where the swap exchange rate is stable and the differential between the two exchange rates is quite small, achieving the unification of the dual exchange rates, scrapping foreign exchange quotas and changing quota management into spot exchange management so as to realize a unified exchange rate, is one of the things which China has promised to GATT as a condition for its readmission. This must be achieved in the next few years. The end of 1993 is the best opportunity for the merger of the dual exchange rates. The price differential of the two tracks will be small, the scrapping of quota prices will cause little disturbance and if there is a desire to purchase quotas, the amount the state financial administration will have to pay out will be small. However, it should be noted that there exists quotas for 10 billion in foreign exchange, and that to purchase these will still require a large volume of renminbi. At the end of 1992, the posted exchange rate was 5.8 yuan, while the swap rate was 7 yuan. The quota price however was only 1.2 yuan. If they first devalued the posted exchange rate to 6.8 yuan and then purchased all of the outstanding quota on the basis of \$1 of foreign exchange quota converting to 0.2 yuan, the cost would have been the lowest. Unfortunately, the reforms were too slow and the opportunity was missed. The end of 1993 also provides an opportunity. If the posted exchange rate is devalued to 8 yuan, and quota are purchased at a quota price where \$1 converts to 0.5 yuan, then it will be possible to achieve the unifying of the two tracks at the 8 yuan level. This could still be regarded as a good move. If, for fear of being unable to guarantee foreign exchange income or in order to pander to the interests of particular departments, this merger is again deferred, a greater price will have to be paid in future.

The risk of implementing free convertibility of renminbi.

Implementing a unified floating exchange rate does not mean that the renminbi will be freely convertible. It will only be basically freely convertible in the trade sphere. There will still be strict restrictions on individuals and foreign investors. The next step however will be to completely abolish foreign exchange controls and allow free convertibility in respect of foreign exchange. It is estimated that this will be achieved in 3 to 5 years.

However, the risks are very great. If just 20 percent of the people's savings deposits of 1.2 trillion yuan were converted into foreign exchange, then 240 billion yuan would be converted into \$20 billion. If we work on the basis of a ratio of one to twelve, this conversion would consume all of China's foreign exchange reserves. An even greater problem is that the banks just do not have so much renminbi to expend. If people become nervous, at any time a bank run might occur. Then, if consumer goods are in insufficient supply, foreign exchange will become the target of panic purchasing. Thus, as renminbi heads toward free convertibility, there is a need to be extremely careful.

"Investment To Exceed 140 Billion [figure as published] Yuan in 1994" by Lu Dacheng [7120 6671 2052]

Next year, the total value of fixed investment throughout the country will exceed 1.4 trillion yuan, a 24 percent growth on 1993. This high speed of growth will be achieved on the basis of the 45 percent growth seen in 1993 as compared with 1992.

The statistics of the State Planning Commission show that in 1993 the total fixed asset investment in society will be over 1.14 trillion yuan, a 45.1 percent increase over the previous year. In this, whole-people investment will grow 50 percent, collective investment will increase 59 percent and individual investment will grow by 8 percent. This trend of investment inflation led to the implementation of macroeconomic regulatory and control policies in the middle of this year.

The characteristics of fixed asset investment in 1993 can be summed up in the following points:

1. There has been high-speed growth in investment in state-owned enterprises and, in the first half of the year, this reached 70 percent. Collective enterprises saw even greater growth, with investment in the first half of the year growing 105 percent.
2. Local project investment has been higher than central investment, with the proportion of local investment seeing straight-line growth.
3. Investment clearly moved towards the southeast coastal areas. The growth there was over 30 percent higher than growth in the central and western regions.
4. The investment structure has not been rational. Apart from transport and communications, the proportions of investment in bottleneck sectors declined. Also, the proportion of productive, constructive investment declined, but commodity housing saw a very high rate of growth.
5. Investment performance has been poor and there has been a decline in the fixed asset creation rate.
6. The rate of funds provision has not been ideal. The annual investment plan arranged by the state only provided 44.79 billion yuan. However, the actual needs of construction on the basis of rational engineering were

49.8 billion, meaning a shortfall of 5 billion yuan, a figure representing 11.2 percent of the estimate. Although retrenchment policies have been implemented, due to the inertia of growth and other promotional factors, China's investment demand is still growing and expanding at a quite high rate. According to forecasts, total social fixed assets investment in 1994 will exceed 1.4 trillion yuan, and actually reach 1.417 trillion yuan, a growth of 24.3 percent. Of this, whole-people investment will see a growth of 25.5 percent, collective investment will see a growth of 27.3 percent and individual investment will see a growth of 12.2 percent.

The reasons for the growth of investment in 1994 can be summed up as follows:

Policy-nature reasons include:

1. In order to reduce the economic development disparities between the eastern, central and western regions, next year the state will support the development of the central and western regions and, to a certain degree, will increase the support it provides for the development of these regions.

2. In order to increase the vigor of old medium-size and large state-owned enterprises, the state will continue to increase investment in them.

Economic-nature reasons include:

1. The macroeconomic regulation and control measures implemented this year have brought about a soft landing for the economy in the second half of the year. This has laid a foundation for quite swift economic development next year.

2. This year, many investment projects have already been commenced and a large amount of funds have already been put into them. They cannot really be abandoned half way.

3. Prospects look good for the drawing in of foreign funds in 1994 and there will need to be corresponding renminbi investment.

"State-Run Enterprises to Undergo Major Reorganization in 1994" by Jia Changlu [6378 7022 6424]

The third plenary session decided to increase the pace of reform of state-run enterprises. China's state-run enterprises face a major challenge and 1994 will be a crucial year for them.

An intense clash.

The stage of changeover from the old track to the new will see some overlapping and a series of clashes. Next year, in their production operations, state-run enterprises will keep one eye on the market and will be guided by market signals and will organize production on the basis of marginal patterns. They will keep the other eye fixed on the government. They will put efforts into completing the government targets and in this respect

will have to diverge from the laws of margins. In resource deployment, they will have to consider economic rationality, but will not be able to violate their loyalty to the upper levels. Economic operations will have to be in accord with lateral market relations, but will also have to be coordinated with vertical administrative relations. The enterprises will have to face the market and take responsibility for operations and their own profits and losses, and will also have to bear all kinds of social, administrative and policy tasks. In this way, they will lose most of their autonomy in operations and their right to assume responsibility for profits and losses. The limits of enterprise property rights are hazy. Sometimes, ownership rights are expanded and this eats into the rights and interests of the operators. At other times, ownership rights are reduced, and this produces an outflow of state-owned assets and a flood of short-term activities by enterprises. The operational rules for property rights are not unified and administrative rights and economic rights are overlapping and entangled. In the market, bureaucratic practices prevail while in the bureaucracy, market practices prevail. The two systems are locked together in confrontation and it is thus difficult for state-owned enterprises to achieve efficiency.

Thus, the reform of state-owned enterprises next year must follow two principles. First, the noneconomic factors of state-owned property rights must be given up. This principle can be realized through the reform of government organs and functional transformation. This will allow the separation of economic rights and administrative rights and the separation of economic functions and administrative functions. The second is to promote the structuralization of property rights. If there is a desire to form an economic environment in which there is exchange at equal value and effective competition, then it is necessary for there to exist many competitive property rights entities, not ownership entities.

The three major trends in 1994.

On the basis of the above analysis, next year the development of state-owned enterprises will see three major trends: First, the trend of separate streams. The majority of small and medium-sized state-owned enterprises and some of the large enterprises which are not suited to the implementation of a state ownership system will be "transferred down" to collectives or individuals through leasing or contracting, and they will gradually be transformed into shareholding operations. Various enterprises, which because of their serious losses and the fact that they have long been unable to make enough money to cover liabilities, will have difficulty avoiding the fate of bankruptcy and elimination. Second, the trend of hybridization. Not only will there be crossholdings among state-owned property rights entities, but there will also be mutual shareholdings among different types of property rights entities. Jointly, they will establish enterprise groups and, through pooling funds and technology with foreign businesses, they will bring into play the superiorities of "hybridization." Third, a competitive orientation. The state will control the property rights

of large enterprises which affect the national economy and the people's livelihood, but the enterprises will have full operational autonomy. The enterprises of different natures will compete equally and state-owned enterprises will bring their own superiorities into play through competition, and will guide the healthy development of the market economy.

Thus, next year there will be a high tide of internal autonomy in China's state-owned enterprises.

More on Zhu Rongji Resignation From Central Bank

HK2001124794 Hong Kong MING PAO in Chinese 20 Jan 94 p 10

[By special reporter Fang Yuan (2455 0337): "Zhu Rongji Has Decided To Lay Down His Heavy Burden in March, and There Will Be Keen Competition for the Post of Central Bank President"]

[Excerpt] As disclosed by a source in Beijing, China's Vice Premier Zhu Rongji has decided to resign the post he took up concurrently as president of the People's Bank of China at the Second Session of the Eighth National People's Congress, which will be held in March this year. His successor will probably be Yin Jieyan, who currently holds the position of director of the State Administration of Exchange Control. In view of the ghastly signs of price rises and an overheated economy which have emerged in the mainland's economic situation recently, the national monetary conference, which ended a short time ago, decided to slow down the pace of monetary reform and to continue to practice macroeconomic regulation and control policies.

It has been disclosed that the news about Zhu Rongji's intended resignation as president of the central bank came from Zhu himself when he attended a national monetary work meeting last month. It was reported that, in his speech, Zhu Rongji indicated that the responsibility that he shouldered in macroeconomic management work was so heavy that he was unable to simultaneously attend to the work of the central bank. Given the intense rivalry between the two most promising vice presidents—Zhou Zhengqing and Dai Xianglong—the post of central bank president may finally fall on the "dark horse"—Yin Jieyan, the current director of the State Administration of Exchange Control. As disclosed, Yin has worked in the central bank for a long time and, as early as 1985 when Chen Muhua was president of the bank, he was secretary general of the bank's board of directors. Since last year, particularly since the unification of exchange rates this year, Yin has performed outstanding work in stabilizing the renminbi's exchange rate. He is worthy of being called an experienced banking official with expertise in modern banking. Hence, he is most probably the candidate who will be selected by the central authorities for this post. [passage omitted]

Foreign Exchange Control System Discussed*OW1701111094 Beijing XINHUA Domestic Service in Chinese 2113 GMT 19 Dec 93*

[Article by Zhao Jiangping (6392 3068 1627) of the Policy and Regulation Department of the State Administration of Exchange Control: "Foreign Exchange Control System and Foreign Exchange Market"; from "XINHUA Mail Box"]

[Text] Beijing, 20 Dec (XINHUA)—"We should reform the foreign exchange control system, set up a market-based manageable floating exchange rate system, and an integrated and standardized foreign exchange market. The Renminbi should gradually become a convertible currency." This idea was put forward in the "Decision of the CPC Central Committee on Some Issues Concerning the Establishment of a Socialist Market Economic Structure." It represents an important decision by the CPC Central Committee to resolve key issues in our reform of the foreign exchange control system, after comprehensively and systematically analyzing and summing up the history and present conditions of China's foreign exchange control. It will play an active role in pushing forward the drive to improve and develop foreign exchange control.

China has achieved fairly rapid economic growth since the reform and opening up; but the overall economic level is low. To fully utilize limited foreign exchange resources, it is still necessary for the state to exert various degrees of control. The main purpose is to ensure an increase in foreign exchange and its reasonable usage, and to facilitate a basic balance in China's foreign exchange income and expenses as well as international account income and expenses so as to ensure the opening up policy; economic ties and trade with foreign countries; and to create conditions for the final goal of making the Renminbi a convertible currency.

China's current foreign exchange control system was established and developed during the course of deepening reform of the economic structure. It has played a fairly active role in promoting China's economic ties and trade with foreign countries. But during the course of building a socialist economic structure, problems existing in the current foreign exchange system began to crop up. Such problems need to be gradually improved through various concrete measures.

1. To change the coexistence of the official rate and market rate of the Renminbi. The official rate is adjusted and announced by the State Administration of Exchange Control in accordance with China's economic development and the condition of its foreign trade in particular, in overall consideration of commodity price levels at home, international income and expenses, and the fluctuation of major foreign currencies on the international financial market. The official rate is mainly applied to part of the foreign exchange income and expenses of the central authorities, part of non-trade foreign exchange income and expenses, as well as the settlement of some

international accounts. The market rate is regulated and decided by the demand-and-supply rule of the market. Under normal conditions, the government will not interfere in the fluctuation of the exchange rate. The market rate has played an important role in regulating China's foreign exchange funds.

The system affording the coexistence of the renminbi's official and market exchange rates took shape under special historical circumstances, it is an expression of China's price system and distribution system in the distribution of foreign exchange at the present stage, and it is a transient phenomenon appearing during the course of economic reform. As a system governing exchange rates during a special period, this system has played its part in promoting the development of China's economic relations and trade with foreign countries, but it has also some harmful effects. The renminbi's two different exchange rates and the two different ways of settling accounts that this phenomenon has created are neither favorable for the efficient use of the nation's foreign exchange resources nor for reestablishing China's lawful status in GATT. Thus, the mechanisms causing the coexistence of two different exchange rates must be replaced by a well-managed and market-based floating exchange rate system.

2. The current market which regulates foreign exchange must be restructured and a foreign exchange market with uniform standards to follow should be established.

China started to regulate foreign exchange in October 1980, and the scope of regulation has been expanding over the past decade or so. From regulating foreign exchange held by Chinese and foreign enterprises, the scope of business has now expanded to regulating foreign exchange held by individuals. The regulated prices are determined by supply and demand in the regulated foreign exchange markets. [sentence as received] There are now more than 100 foreign exchange regulatory centers and 18 foreign exchange open markets. These markets have been playing positive roles in adjusting a foreign exchange surplus or shortage, alleviating problems caused by a foreign exchange shortage, accelerating the circulation of foreign exchange, and making more efficient use of foreign exchange.

However, because the regulatory markets in various parts of the country are established according to administrative demarcation, their establishment has given rise to problems which hinder the development of China's foreign exchange markets and which restrict them from demonstrating their functions—problems such as regional barriers, the inefficient lateral circulation of foreign exchange, unequal and unstable foreign exchange rates, and restricted market development. Thus, establishing a foreign exchange market with uniform standards to follow is an important aspect in restructuring the foreign exchange control system.

3. To attain the goal of having the renminbi be exchangeable for foreign currencies is a long-term development

target that China has set for reforming its foreign exchange control system and banking systems, but this reform will take time.

The ultimate goal that China has set for reforming its foreign exchange control system and the scientifically conceived plan for the process is to make the renminbi a convertible currency step by step. Attaining this goal is an objective demand set for China to reform its foreign exchange control system so that the nation can open wider to the outside world and establish a socialist market economic system. But the level of China's development shows that we still cannot meet certain basic requirements needed for the renminbi's convertibility, and so we still need time to create the necessary conditions to attain this objective through real reforms. For example, we must reform the current foreign exchange system to improve the mechanisms governing the operation of the foreign exchange market; we must improve the mechanisms for setting the renminbi's exchange rates through establishing a market-based and well-managed system which governs floating exchange rates; and the state must increase its foreign exchange reserves through improving its ability to increase foreign exchange revenues and conserving foreign exchange spending. As China's overall national strength becomes greater, becomes more capable of establishing foreign contacts, and enjoys higher economic status in the world, the process which seeks the renminbi's convertibility also will accelerate.

Securities Paper To Begin Daily Publication

HK1801123694 Beijing RENMIN RIBAO in Chinese 7 Jan 94 p 4

[Unattributed report: "ZHONGGUO ZHENGQUAN BAO Becomes a Daily Newspaper"]

[Text] In order to suit the needs of the vigorous development of China's securities market and the rapid establishment of the socialist market economic structure, ZHONGGUO ZHENGQUAN BAO [China Securities Newspaper], under the charge and auspices of XINHUA, has been changed from a weekly to a daily newspaper as of 1 January 1994. Following the change, it will provide even more "comprehensive, accurate, swift, and practical" information to the vast number of its readers.

Official Discusses Planned Oil Production Increases

OW1901133794 Beijing XINHUA in English 1320 GMT 19 Jan 94

[Text] Beijing, January 19 (XINHUA)—China onshore oil production this year is projected to be 140 million tons and that of natural gas 16 billion cubic meters, China's top oil official said today.

These figures, released by Wang Tao, president of the China National Petroleum Corp. (CNPC), at a national

oil work conference here today, are both higher than the government-set output targets.

This is an effort to match the development of the oil industry to the demand of the country's rapid economic growth, Wang told the conference.

He described the situation of the oil industry as "good", although it falls short of demand and has become one of the bottlenecks of the national economy.

China produced 139 million tons of crude and 15.9 billion cubic meters of natural gas, thanks to strengthened exploration and development of oil fields. However, the ever-expanding demand has pushed China onto the verge of becoming a "net oil importer."

Wang called for intensive exploration for additional resources to prepare China for the next century. China expects to extract 200 million tons of oil and gas in oil equivalent by the year 2000, according to an ambitious plan.

To this end, China has embarked on a strategy of stabilizing the production in the eastern part of China and developing reserves in the western part.

The eastern part of China, which includes such important oil fields as Daqing, Shengli and Liaohe, is China's main oil producer.

CNPC will invest billions of yuan in a bid to maintain the production level in the eastern part of the country. New technology and management will be adopted in the Daqing oilfield in order to keep its annual oil output well above 55 million tons up to the turn of the century.

The western part of China, especially the Xinjiang Uygur Autonomous Region, is regarded as a key alternative. Its crude output for the first time topped 10 million tons for the first time [as received] in 1993.

This year the figure is expected to rise to 11.9 million tons, Wang said. Exploration will be carried out both intensively and extensively, he added.

CNPC is striving to strike a balance between oil output and new recoverable reserves and between capital input and output, according to Wang. As the government eases off restrictions on oil prices, the industry has wiped out red inks. However, Wang warned against high cost and low efficiency in oil production.

Wang welcomed the participation in oil exploration and development by other sectors, enterprises, localities, people from Taiwan, Hong Kong and Macao, overseas Chinese and foreign investors.

CNPC has announced the second round of international bidding for risk exploration in 26 blocks and 11 projects to enhance oil recovery in the existing oilfields.

Preparatory work for the third round bidding is to start soon and more blocks in southwestern and western China are expected to open to foreign bidders.

Wang admitted that China's oil will not be able to meet the demand by the year 2000. He said crude import will depend on economic growth but China still needs to sell some oil abroad for foreign currency, technology and equipment.

Machine Industry 1993 Profits, Taxes Up 30 Percent

OW1901035594 Beijing XINHUA in English 0306 GMT 19 Jan 94

[Text] Beijing, January 19 (XINHUA)—China's machinery industry yielded 35.2 billion yuan in profits and taxes last year, 30 percent up from 1992, XINHUA learned from a national machinery industry working meeting which opened here today.

The output of engineering machinery, automobiles, electrical appliances, heavy-duty mine machinery, copiers, cameras and meters increased remarkably while that of agricultural machinery and basic mechanical parts declined.

A lot of complete equipment was made for key national projects last year and more technology-intensive machinery was manufactured.

The meeting revealed that China is now making a program to promote the development of the mechanical industry. By 2010, the machinery industry will be the mainstay industry of the national economy, with a total output value of 3,000 billion yuan, one third of the total of the country's industry.

To meet the target, the program proposes several measures: build a national unified machinery product market; aid some highly-efficient enterprises to take the lead; readjust the capital structure by introducing joint-stock system; encourage the cooperation and merging among enterprises; support the large and medium state-run enterprises to conduct scientific and technological research.

According to the program, five enterprises with sales volume of 10 billion yuan and 20 with five billion yuan will crop up in the country by the end of this century; the qualities of some mechanical products will reach the world advanced levels.

Restructuring of Textile Industry Examined

HK1801141994 Beijing RENMIN RIBAO in Chinese 7 Jan 94 p 2

[Article by Mo Xinyuan (5459 2450 0337): "Deepen Enterprise Reforms, Increase Efforts Structural Adjustment"]

[Text] "We are here to seek a remedy for our rescue operations," said delegates to a national conference on the textile industry at the Jinxi Guesthouse in Beijing. The remedy prescribed by Wu Wenying, chairman of the China Textile Federation, on the basis of several days of

serious and lively discussion at the conference was: Take the initiative to adjust and deepen reforms.

Textiles is one of our country's oldest traditional industries as well as one which moved toward the market early. The abolition of clothing coupons in 1983 was a turning point. To the majority of consumers, it marked the end once and for all of an era of insufficient clothing. To the textile industry, it marked the entry of a period of adjustment and improvement. "Watering flowers with water pumps used previously for large fields"—from this we can imagine the difficulty of the adjustment. Due to specific historical reasons in the transition from the old to a new system, the adjustment and improvement of the industry did not unfold smoothly. This, plus excessive burdens on traditional enterprises, led to years of increasing costs for a textile industry which was once was a great "money earner," and years of falling annual profits and taxes. Some industries, such as cotton spinning, have been losing money since 1991, that is, for the last three years.

The year 1993 was extremely difficult for the textile industry. Nationwide, 12 million textile workers worked unceasingly, recovering 9.45 billion out of 11.7 billion yuan in profit reductions, but still failed to halt the trend of sliding economic efficiency. A quarter of national production capacity lay idle or semi-inactive, and 2 million workers had no work or were waiting for employment. But the year was not totally grim. The textile industry in Shanghai adjusted to market demand, increased its efforts at industrial adjustment, and achieved notable results, giving delegates a glimmer of hope of revitalizing the textile industry in these difficult times.

Last year, big cities like Beijing, Shanghai, and Qingdao took the initiative in adjusting their production structures and cutting primary processing capacity. Jiangsu Province has quickened the pace of switching primary processing capacity in cotton spinning from the south of the province to the northern cotton-producing region. Through switching production lines and developing tertiary industry, Shanghai Municipality cut its cotton spinning production capacity by 230,000 spindles and its work force by 110,000. The development of differential land rents in the last year reaped 740 million yuan. Meanwhile, many enterprises were approved as joint-stock companies, shareholding companies with group shareholders, and shareholding cooperative firms; there were active efforts to build a modern corporate system, strengthen firms' operational powers, and quicken the pace of upgrading the industry.

"Experience from localities proves that adjustment must be unified with reform for any breakthroughs in thinking and seizing the initiative." Wu Wenying put forward this line of thinking and work focuses for this year's textile reforms: One, the textile industry is a competitive industry. From a long-term view, enterprises owned exclusively by the state can only be a minority, while most state-owned large and medium-sized enterprises

must proceed in the direction of diversified ownership and change traditional large-scale production and small-scale operations. Two, state-owned textile enterprises can be reorganized as limited companies or shareholding cooperative enterprises, or they can be contracted out, leased, or rented to collectives or individuals for operations. Three, actively encourage and promote state-owned enterprises to reorganize, integrate, or switch to other industries in structural innovation, and support successfully performing enterprises' efforts to develop large capital-linked business conglomerates engaged in cross-regional, inter-trade, and diversified production and operations in order to promote structural adjustment and strengthen competitiveness in international markets.

"Do things according to market laws"—with this loud slogan adjustment in the textile industry has entered a new year.

Minister Discusses Plans for Auto Industry

OW1901115594 Beijing XINHUA in English 1118
GMT 19 Jan 94

[Text] Beijing, January 19 (XINHUA)—China is soon to publish a new policy for its automotive industry, according to He Guangyuan, minister of the machinery industry.

He, who is attending the on-going national machinery industry working conference, said the development of the auto industry is directly related to the development of all the country's industries, involving roads, communications, education, construction and many other fields. He is convinced that implementing the new policy will exert significant influence on and bring changes to the full range of socio-economic life.

According to the ministry's latest statistics, last year China produced 1.28 million autos of all kinds, up 20 percent from the previous year, of which 234,000 were sedan cars; motorcycle output stood at three million, making China the world's second largest motorcycle producer after Japan.

He said that in the coming few years, major attention will be paid to the construction and remodeling of existing auto projects, and the ministry will not approve any new projects assembling complete vehicles.

Major attention will also be directed to the development of key parts for cars, economical cars, special chassis for large, medium-sized and small buses, special cargo vehicles, new car engines and motorcycle engines.

Sources said that in the past 40 years China put only about 34 billion yuan into the auto industry, and the money has been widely divided for an overabundance of local projects. At present the one million automotive output capacity is distributed across more than 100 auto plants, while the three million motorcycles were produced by over 100 plants.

At the end of last year China had 1.2 million sedan cars, of which 70 percent are imported overseas products.

In the late 1980s, China shifted the direction of auto development to cars and car parts and defined eight major car construction projects. If the planned investment of more than 22 billion yuan is accomplished at the scheduled time, the eight enterprises will be able to produce 780,000 cars in 1997, which can basically meet domestic vehicle demands.

In the coming years China will also pay attention to the development of economical cars to meet the demands of well-to-do individuals and families.

Railway Construction Investment Set at 40 Billion Yuan

OW1701155794 Beijing XINHUA in English 1420
GMT 17 Jan 94

[Text] Beijing, January 17 (XINHUA)—The Chinese State Council has approved the investment of 41.7 billion yuan in railway construction this year.

Han Zhubin, minister of railways, told a working meeting here today that due to insufficient funds, the ministry's initial plan is to invest 29 billion yuan in capital construction, of which 26.65 billion yuan will go to large and medium-sized projects, and 2.35 billion yuan to smaller projects.

Han said that this year tracks will be laid on 2,100 km of new lines, with 234 km operational; 1,335 km of multiple tracks will be laid, with 1,293 km operational; and 194 km of rail lines will be electrified.

Last year China's railway construction used investments of 22.5 billion yuan, 12 billion yuan more than in the previous year. Tracks were laid on 1,437 km of new lines and 1,073 km of multiple-track lines.

To fill in the gap between available funds and actual demand for capital construction, the ministry of railways will further expand its use of overseas funds.

A preliminary agreement has been reached with the World Bank on using its seventh railway construction loans, totalling about 550 million U.S. dollars; and a loan of 200 million U.S. dollars will be taken for the first time from the Asian Development Bank for building the Beijing-Kowloon Railway.

The ministry is also negotiating with the Japanese Government on projects to use the fourth group of Japanese yen loans. Sources said that the yen loans—equivalent to over two billion U.S. dollars—will be used for key railway construction projects.

Railways To Establish 'Modern Enterprise System'*HK1801055094 Beijing CHINA DAILY in English 18 Jan 94 p 1*

[By Xie Yicheng: "Rail Sector Tries Out Bold Corporate Reform"]

[Text] China's railway sector will take "substantive steps" in 1994 to establish a modern enterprise system, Railways Minister Han Zhubin announced at a national conference that opened yesterday in Beijing.

The reform will allow 12 railway bureaus across China to have more say in planning, finance, employment and wages.

The decision was based partly on the success of an experiment carried out at the Jinan Railway Bureau in Shandong Province last year.

Apart from the railway bureaus, the industrial, construction and material firms in the railway system will take bigger strides in changing their operating styles, Han said.

Moreover, bolder corporate reform will be tried in a limited number of railway sub-bureaus, such as the Fuzhou Railway Sub-bureau in Fujian Province—mainly by converting them into solely-owned or limited liability companies.

The Guangzhou-Shenzhen Railway Company even plans to turn itself into a shareholding firm and perhaps issue stocks publicly within the year.

The minister also offered to open up Chinese railways wider to the outside world now that international capital is eager to enter the Chinese railway construction market.

The first step will be issuing railway stocks and bonds in overseas monetary markets to attract foreign investors to railway projects in China.

This year the ministry will encourage experts from home and abroad to study opening-up tactics and present specific co-operation projects.

"If we want to speed up rail development, we must actively break into the market at both home and abroad," Han told the meeting.

It is necessary to do away with old taboos, because joining the market is the only way to ease the bottlenecks in the railway system, which is the State's pillar infrastructure he added.

In line with this initiative, railway transport units will earmark the bulk of their freight cars for shipping key materials, such as coal and disaster relief supplies, while the remainder will be used for commercial transport under contracted freight rates.

To meet market demand, the ministry is ready to form a batch of specialized firms dealing in container and large-scale cargo transport, insurance, telecommunications and tourism.

The ministry will initially raise 29 billion yuan (\$3.3 billion) of investment for this year's capital construction, a growth of 6.5 billion yuan (\$747 million) over last year.

The fresh input is to result in 2,100 kilometres of new lines, the double tracking of 1,335 kilometres of existing lines and electrification of another 194 kilometres.

The record-high figures suggested another high tide of railway construction this year.

The majority of the planned investment will flow into seven major railway projects.

Minister Details Transportation Improvements*OW1801145994 Beijing XINHUA in English 1437 GMT 18 Jan 94*

[Text] Beijing, January 18 (XINHUA)—China is expected to build 18,000 kilometers of new highways this year, it was announced today—part of a high-gear program for more transport facilities.

Also in the program is the construction of 59 sea port berths with an increased handling capacity of more than 30 million tons.

These were among projects announced here by Huang Zhendong, minister of communications. Speaking at a national working meeting, he said that this year China will remold 370 km of inland navigation canals and construct 19 river berths to increase handling capacity by over three million tons.

Huang said that buses and coaches will this year carry 9.3 billion passengers on the highways. Road cargo volume will reach 8.55 billion tons; passengers going by ship are predicted to total 320 million, and ship cargo is expected to reach 1.1 billion tons.

The handling volume of major coastal ports will be 630 million tons to 660 million tons, Huang added.

By the end of 1993 the total length of China's operating highways had reached 1.075 million km, an increase of 18,000 km over the previous year; of which 1,145 km are expressways, an increase of 493 km.

In addition, last year 19 deep-water berths were built in coastal ports, four more than the planned number. A number of key projects, such as Qingdao port, Nantong port and Lianyungang port, have started operating.

Huang said that in the past year international cooperation in the field of transport had been further strengthened, and agreements have been signed with nine countries on land transportation, ocean shipping or regional communications cooperation.

This year the ministry will continue to encourage the establishment of foreign-funded land and water transportation enterprises, as well as automobile service enterprises.

Aviation Industry To Implement 'Take-Off Plan'

*OW1801152694 Beijing XINHUA in English 1504
GMT 18 Jan 94*

[Text] Beijing, January 18 (XINHUA)—Zhu Yuli, president of Aviation Industry of China, announced here today that in the coming 10 to 15 years China will implement the "take-off plan" for bringing an all-round boom to the country's aviation industry.

According to the plan, by the year 2000 China will be able to design and produce its own advanced fighter planes for the People's Liberation Army; in the field of civil aircraft, the Yun-7, Yun-8 and Yun-12 series will be further improved, the target of designing and producing large passenger planes will be reached, and the civil aircraft industry will be gradually formed.

Zhu said that by the end of this century, China's aviation industry will gradually construct a complete research and production system for advanced helicopters, and be able to design and produce turbojet engines for military planes.

Zhu said that last year China produced 256 planes of all kinds, up 24 percent from the previous year; the output of engines increased 27 percent, while the output of missiles increased 53.9 percent.

Last year the foreign trade volume of the aviation industries of China exceeded one billion U.S. dollars, including exports of 870 million U.S. dollars.

Establishment of Express Mail Company Announced

*HK1901135094 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1045 GMT 6 Jan 94*

[Text] Beijing, 6 Jan (ZHONGGUO TONGXUN SHE)—The Central Postal Office in Beijing recently announced that an air mail service company, which will operate relatively independently and which will assume sole responsibility for its profits and losses, will be established. In the near future, China's postal departments will possess their own airplanes and will substantially improve their services, putting an end to the past situation of having no express delivery.

Since the 1950's, China's postal departments have primarily relied on railroad and aviation services to deliver mail. Because the volume of mail has risen sharply in recent years—an overall increase of 20 percent annually and an increase in express delivery of 71.7 percent and even 100 percent in some regions—the railroad and aviation services can no longer meet the demand. Of all complaints received by the express delivery postal departments, more than 80 percent were related to losses

incurred in economy and credibility because of the late delivery of mail. In the past, when China had no express delivery services, it took an average of 5 to 7 days to deliver a letter from one province to another. For a remote province, it could take more than 10 days. The postal services have failed to correspond with the rapid development of the national economy.

At present, the postal departments have to pay airlines a considerable amount in freight charges to transport air mail items. As this operational system faces many contradictions and problems, it cannot meet the increasing needs. The postal departments should be capable of carrying out independent operations as soon as possible. On one hand, the postal departments should consult with the aviation departments and continue postal services through the airlines. On the other, they should set up an independent postal aviation company in order to increase social efficiency.

Preparations for the establishment of the new air mail service company are going smoothly in various aspects. It is being said that the preparatory work for the company has entered a new stage.

Tenders Opened for Main Part of Three Gorges Dam

*OW1501135394 Beijing XINHUA in English 1317
GMT 15 Jan 94*

[Text] Yichang, January 15 (XINHUA)—Tenders for the building of the principal part of the gigantic water control dam at the Three Gorges on the middle reaches of the Chang Jiang—the first-phase digging on the left bank—were opened here this afternoon.

This was the first opening of tenders for the construction of principal parts of the Three Gorges water control dam, which is expected to take 17 years to finish.

The first-phase digging on the left bank of the Chang Jiang consists of three parts—the first-phase digging for a permanent ship lock and the course linking the upper and middle reaches, the first-stage digging for a ship lift and a temporary ship lock, and the first-phase digging for the workshops and dikes of the no. 1 through to no. 6 hydroelectric stations at the Three Gorges.

Eight large Chinese engineering enterprises or company groups participated in the tendering and competed for the rights to undertake the digging according to conditions set by the China Chang Jiang Three Gorges Project Development Corporation when calling for the tenders.

To guarantee fairness and objectivity, and also to ensure that the best engineering enterprises are selected, the China International Engineering Consultancy Company has been entrusted by the China Chang Jiang Three Gorges Project Development Corporation to be fully responsible for the assessment of all the tenderers this time.

It is understood that the assessment will be completed before the traditional Spring Festival, which falls on February 10. The company or group to be awarded the tender is to be decided by then.

Coastal Provinces To Tap Marine Resources

OW1801061994 Beijing XINHUA in English 0521 GMT 18 Jan 94

[Text] Beijing, January 18 (XINHUA)—China's coastal provinces and municipalities are working out plans to further tap marine resources.

Jiangsu Province has decided to develop marine bioengineering and set up three marine economic development zones in its coastal cities of Lianyungang, Yancheng and Nantong.

Liaoning Province will focus on the development of offshore oil and sea farms, and Zhejiang Province is to make full use of its islands and harbors to develop maritime industry and fishing.

China has a 32,000-km coastline, 17,700 sq km of polders and 24.8 billion tons of continental shelf oil reserves. Its territorial waters are as large as one third of the country's territory.

Until 1979, when China began its national reform, China's development of marine resource was limited to fishing and sea salt processing.

But the past few years have seen an overall development of sea resources. Marine product breeding, offshore oil exploitation, tourism and marine science are booming.

Statistics show that the output value of the national marine economy reached 75.5 billion yuan in 1992 and more than 90 billion yuan last year.

The aquatic breeding sea area has been expanded to more than 500,000 ha, with an annual production output amounting to 2.4 million tons, ranking first in the world.

A number of provinces, including Shandong and Jiangsu, have set up hundreds of aquatic product breeding farms.

The exploitation of offshore oil and natural gas is in full swing.

China has concluded 92 contracts on oil co-operation with 55 companies in 15 countries. These contracts involve 3.6 billion U.S. Dollars.

As a result of building and improving tourism facilities, China's more than 5,000 islands have attracted 9.16 million visitors a year, with the annual income from tourism surpassing 10 billion yuan.

China's sea areas abound in tidal and wave energy, as well as minerals.

While making use of these resources, the country has set up a number of ocean science and technology development zones in Qingdao, Dalian and Tianjin to develop high-tech products.

A survey shows that coastal areas have built about 300 deepwater berths forming large port groups along Bohai bay, the Chang Jiang estuary and the south China coastal area.

At present, China's coastal ports handle 600 million tons of cargo a year, and its gross tonnage of ocean-going merchant shipping ranks eighth in the world.

The past 15 years have seen the country set up five special economic zones, a dozen bonded zones and a number of economic and technology development zones in its coastal areas.

According to the survey, the coastal area, accounting for 13 percent of the country's total territory, produces more than 60 percent of the gross national product.

At present, the pearl, Chang Jiang and southern Fujian river deltas, and the area around the Bohai Sea present a prosperous scene of economic development.

Work Meeting Sets Agricultural Development Goals

HK2001135894 Beijing ZHONGGUO XINWEN SHE in English 1109 GMT 20 Jan 94

[Text] Beijing, January 20 (CNS)—China had a good harvest last year in spite of many difficulties with the total grain output reaching 450 billion kilograms, the cotton output four billion kilograms, edible oil 16 million tonnes and meat 37 million tonnes thanks to people's efforts, better policies and fine weather, State Councillor Mr. Chen Junsheng said.

China's Minister of Agriculture Mr. Liu Jiang, speaking at a national agricultural work meeting, said that this year's goal for agriculture and the rural economy was to raise the income of farmers steadily and guarantee the supply of agricultural products, causing an all-round development of the rural economy with the aim of achieving a five percent increase in the per capita income of farmers and a grain output of more than 450 billion kilograms and increases of 850 million kilograms for cotton and one million tonnes of edible oil. These goals indicate the government's desire to develop the agricultural sector and its determination to better the living standards of farmers despite many difficulties.

Many difficulties have been encountered in raising the output of grain and cotton because of lower profits and inflation affecting production means, resulting in a dampening of farmers' enthusiasm for growing these crops. The Minister of Agriculture said that China's agriculture lacks a stable basis with the area of land under grain cultivation last year down by seven million mu over the previous year. The government would, he said, call on the relevant departments to see to it that an

area of more than 1.6 billion mu under crop cultivation is maintained the special loans were set aside for 500 counties to support their cultivation of grain.

Cotton output was down last year resulting in a price hike in cotton and harmed the textile industry. The government has therefore ~~set~~ the area of land under cotton cultivation this year at 90 million mu and has decided to raise the purchase price of cotton considerably besides arranging loans to 150 counties for the production of high-quality cotton.

The output of meat, poultry, eggs, milk, aquatic products, fruit and vegetables, which are important to people's daily lives all increased greatly last year and importance is placed on this year's production as well. Mr. Chen called for a big increase of these products, saying that the outer suburbs of the country's main cities should increase their areas for vegetable cultivation to guarantee supply and keep prices stable.

Chen Junsheng on Increasing Agricultural Investment

OW1901043494 Beijing XINHUA Domestic Service in Chinese 1209 GMT 11 Jan 94

[Article by RENMIN RIBAO reporter Zhou Hongyang (0719 3126 3152) and XINHUA reporter Lin Hongmei (2651 4767 2734)]

[Text] Beijing, 11 Jan (XINHUA)—A national meeting on comprehensive agricultural development was held in Beijing today. The meeting relayed Vice Premier Zhu Rongji's opinion, which called on all localities to do practical work and earnestly implement the principles on rural work for comprehensive agricultural development as outlined by the central authorities. At the meeting, State Councillor Chen Junsheng stressed: This is a crucial year for China's efforts in deepening reform. The State Council has successively introduced a series of reform measures such as the establishment of taxation, financial, investment, and foreign trade systems. This is an important step in establishing the socialist market economic system. Furthermore, as comprehensive agricultural development is directly linked to reform, this effort is vital for ensuring a smooth reform process. Therefore, in comprehensive agricultural development, we should focus our tasks closely on the overall reform situation and strive to produce more grain, cotton, edible oil, meat, and vegetables, as well as to stabilize and enrich market supplies so as to create a better material base for the smooth implementation of reform measures.

It is understood that investing in large-scale comprehensive agricultural development projects is a measure of the state's macroeconomic control of agricultural development and a strategy for achieving ultimate agricultural modernization under the new historical condition. Since reform and opening up, China has made breakthroughs in traditional agricultural production patterns. We have achieved production efficiency through systematic and progressive utilization of resources as well as through

comprehensive investment and administration, thereby creating a new avenue for comprehensive agricultural development. In five years of comprehensive agricultural development through garden-style farmland cultivation, mechanized farming, and the introduction of fine varieties and a series of support services, food production increased greatly in five provinces in the Huanghe-Huaihe-Haihe Plain, the great Northeast Plain, southern Hunan, the Changjiang-Hanjiang Plain, central and southern Jiangxi, and project zones in Hainan Province. According to statistics, the nationwide increase in food production from 1988 to 1992 through comprehensive agricultural development included 17.16 billion kg of grain, 5.04 million dan of cotton [one dan equals to 50 kg], 700,000 tons of edible oil, and 620,000 tons of meat. Spurred by state development projects, Anhui, Zhejiang, Inner Mongolia, and Henan also took the initiative to develop over three million mu of "local projects" and "peasants' projects," which greatly improved production conditions and increased peasants' income. In regions where development projects were undertaken, per capita income generally increased by about 200 yuan following development.

Chen Junsheng pointed out: We should further understand the significance of comprehensive agricultural development, achieve the major goal of improving basic conditions for agricultural production, and make deeper and wider use of agricultural resources. We should effectively improve basic production conditions so as to increase the comprehensive production capacity for major agricultural products such as grain, cotton, edible oil, and meat. We should combine the goals of maintaining steady growth for major agricultural products and increasing peasants' income. We should establish the efficiency concept and attach great importance to the task of helping peasants increase their income.

As for the next phase of comprehensive agricultural development, Chen Junsheng called for vigorous measures to increase grain, cotton, edible oil, and meat production; effective development of pastoral regions and utilization of farmland straw; increase beef and mutton production; and large-scale development of selected wastelands. He said: We should gradually shift our future investment to the central and western regions.

Chen Junsheng stressed: We should increase our capital investment in comprehensive agricultural development in the future. We should use the majority of excess special agricultural and forestry taxes collected for comprehensive agricultural development. The central government should gradually increase its investment as the central financial situation improves. We should use more World Bank loans. Bank loans for agricultural production should be gradually increased yearly on the basis of previous loans. Agricultural banks should only increase their input, and not cancel or reduce their loan targets for comprehensive agricultural development because of bank reform. He asked all localities to mobilize the peasants to increase their investment in comprehensive agricultural development, utilize excess labor

force, and embark on farmland capital construction. Meanwhile, governments at all levels should adopt scientific, standard management methods for development projects, realistically upgrade development efficiency, and strive to push comprehensive agricultural development to a new stage.

Approach to Grain Shortage, Economy Discussed
HK1701050494 Hong Kong TANGTAI in Chinese No 34, 15 Jan 94 pp 17-18

[By Lu Yu-shan (7627 6276 2619): "Zhu Rongji's Position and 'Praising Deng While Degrading Mao'"]

[Text] People are always in a holiday mood as the end of the Chinese New Year draws near. However, CPC leaders cannot prepare for their New Year holidays with ease. They are immersed in coping with various changes brought about by the reform measures which came into force on 1 January, including problems in the new taxation system, the agricultural issue, and the price issue. At present, the most pressing problem lies in agriculture.

Recently, Vice Premier Zhu Rongji, who is also in charge of agriculture, stressed the need to ensure peasants' livelihood while stabilizing grain prices in order to prevent trouble among them. The serious attention of the authorities reflects the worrisome situation in the countryside. However, the authorities did not make public the real situation in the countryside.

According to reliable official sources, in 1993 the areas sown with major crops decreased by the largest margin in the last few years. In particular, the area sown with wheat, rice, and corn decreased by 2.64 million hectares. Although it is expected that the gross grain output remained at the same level, if the factor of population growth is also considered, then the per capita grain output decreased. In addition, the area sown with cotton decreased by 1.38 million hectares and the cotton output decreased by about 10 million dan. The area sown with oil-bearing crops decreased by 420,000 hectares and the output also decreased by about 30 percent.

This inevitably led to a decline in peasants' income and brought about instability in the countryside. In addition, this also caused a sharp increase in grain prices. The central authorities are deeply worried about this situation. They think that grain prices will increase by at least 10 percent in 1994. China always has to import wheat to meet domestic needs, and the wheat import in 1994 will have to increase. Moreover, as the central government has changed the allocation system into the agent system for imported grain, with import subsidies being terminated, plus the unification of the foreign exchange system, it is expected that the wheat price will inevitably increase substantially. On the other hand, as the international corn and soya bean prices are increasing, exports will grow. However, rice output decreased by a big margin. In some localities it was difficult to purchase

rice from peasants. Some localities even dispatched military troops for forced grain purchases.

Another fact that the authorities did not tell the public was that China's current area sown with grain crops has decreased to the warning level, or even below it. The Ministry of Agriculture, Forestry, and Fishery recently delivered a report to the central authorities saying that the area of farmland sown with grain crops in China must be kept at a level higher than 1.65 billion mu. However, the area of farmland for growing grain crops decreased sharply in the last two years. In 1992, it decreased by 24 million mu to 1.66 billion mu, and in 1993 it further decreased to 1.62 billion mu, which was lower than the warning level.

As peasants are uneasy and found it hard to maintain their livelihood, the tide of migrant laborers has appeared earlier than in previous years. Peasants in poor areas have begun to pour into cities, but they did this after Chinese New Year in previous years. According to the official information, as early as last November four or five streams of migrant laborers gradually took form in the country, and they separately flowed to Guangdong, Beijing-Tianjin, Shanghai, Harbin, and cities along the Chang Jiang. It is expected that the number of migrant laborers will exceed 50 million people, and those from Sichuan alone will be nearly 10 million people. The spread of the "Sichuan troops" all over the country indeed worries the authorities.

The authorities can only adopt two countermeasures. First, opening the state granaries to keep the grain prices stable. Normally, the Chinese Government stores grain for the nation's consumption in six months, so there is sufficient grain in stock. It is not difficult to tide over the demand peak period around the Chinese New Year. However, China will have to quicken grain imports in the following months of this year. Another measure is to print more bank notes to purchase grain from peasants. In October 1993 the amount of newly printed bank notes exceeded the major mark of 100 billion yuan. As the State Council was determined to solve the IOU problem, it allocated 30 billion yuan to local governments. However, the local governments said that the funds were still insufficient and required the central authorities to increase the allocations. Finally, the central authorities could not but allocate another 50 billion yuan to ensure that the first 30 billion yuan could be delivered to the hands of peasants. It seemed that while the IOU problem was resolved or mitigated, fuel would have been added to inflation.

All such unstable factors forced the central authorities to seek various countermeasures. The pressure on Zhu Rongji, who is also in charge of agriculture, was even greater. Recently it was rumored that his status might have become worrisome (for example, the "macrocontrol" for which he bears the main responsibility has quietly come to an end), and the outside world is now wondering if he is in a predicament. However, informed sources said that Zhu Rongji's position was still rather

firm and had not been shaken or changed. Although he may withdraw from the office of governor of the People's Bank of China (and may be succeeded by Dai Xianglong, currently first vice governor of the bank), this is in fact an arrangement made long ago. When Zhu Rongji took the banks' governorship, it was known among the insiders that this was only a transitional step, because the situation at that time required Zhu's authority for adopting some urgent and stern measures.

In addition, Zhu Rongji continued to take charge of the economic work without change. Although Li Peng frequently appeared on public occasions in the last few months, Zhu Rongji was still one of the principal officials deciding the economic reform policies in 1994. Otherwise, he would not have said that macrocontrol was not contradictory to Deng Xiaoping's idea about accelerating development. The economic officials also gave tacit consent to the option of alternately tightening and loosening control, because the disorder would appear if control is too loose and the economy would be stifled if control is too tight. However, such policy was different from the previous retrenchment policy. Instead, it was just a means of more flexibly alternating "tight control" and "loose control."

Another issue that is now worrying the central authorities is the confusion in people's minds and the tendency to independent administration among the local authorities. Therefore, in the activities of commemorating the 100th anniversary of Mao Zedong's birth last month, the authorities again stressed the values advocated by Mao. As Deng Xiaoping pointed out, negating Mao is equal to negating the party, so they must adhere to this even if the sky is falling down. However, at the same time there was a "criticizing-Mao campaign," which was not officially called this. That was the large-scale study of Volume 3 of Deng Xiaoping's works promoted by the authorities.

In fact, in the study of Volume 3 of Deng's works, the authorities concerned relayed Deng Xiaoping's recent instructions on foreign, economic, and political affairs. Deng stressed that China has entered the era of peaceful construction, so there should be no life-and-death struggle between China and the international community. Instead, it is an era of interdependence. China's economic construction has included a variety of operation forms and management systems, and is no longer in a "large monolithic mode." To put it more plainly, China now needs to replace Mao's theories about "taking class struggle as the key link," about "preparing against the unavoidable world war," and about the planned economy, with Deng's ideas that "keeping stability is an overwhelming task" and his theory about "building socialism with Chinese characteristics."

Therefore, the current activities of "praising Mao" only served the purpose of consolidating the legitimacy of the CPC's rule, and the criticism of Mao also served the same purpose, that is, consolidating the CPC's ruling position through correcting Mao's mistakes.

Steps Against Loss of Cultivated Land Planned

OW1901044394 Beijing XINHUA in English 0411
GMT 19 Jan 94

[Text] Beijing, January 19 (XINHUA)—The Chinese Government has set a target of keeping its total acreage of cultivated land at over 1.83 billion mu (120 million ha) at the end of this century.

To meet this target China has to bring down its average annual loss of farmland below 2.5 million mu in the remaining seven years of the century, according to a senior official with the State Land Administration.

In an interview with XINHUA today the official said that China has seen a sharp reduction of cultivated land in recent years, due to the overheated boom in real estate development and economic zones.

According to an estimate, China's cultivated land accounts for 13.2 percent of the country's total land area. The per capita land area under cultivation stands at 1.8 mu, or 41 percent of the world's average per capita figure.

The official noted that China has had a net loss of four million mu of cultivated land annually since 1991.

However, thanks to vigorous measures taken by the government, particularly after the nationwide delimitation of the protection areas for farmland in 1993 in line with the state's agriculture law, China has made headway in checking the loss of cultivated land.

According to incomplete statistics, 27 of the mainland's 30 administrative divisions have started delimitation of protected areas under cultivation.

In the pace-setting provinces of Zhejiang, Hubei and Hebei the farmland acreage under protection accounts for 96 percent, 60 percent and 62 percent, respectively, of their total cultivated land areas.

Within the protection areas no encroachment of any kind is allowed except with special permission, said the official.

As a result, random occupation and exploitation of cultivated land has been effectively curbed, he added.

'Roundup' Views 1993 Rural Economy, Development

HK1701150094 Beijing RENMIN RIBAO in Chinese 3
Jan 94 p 2

[Article by staff correspondent Jiang Xia (3068 1115): "A 'Hot Spot' From Beginning to End—Roundup on Development of Agriculture and Rural Economy"]

[Text] The year 1993 was almost the year of agriculture and the rural economy. From cashing peasants' IOU's early in the year to the unveiling of a series of State Council grain production and sales policies, from the

much publicized effort to reduce peasants' burdens to the convocation of the Central Rural Work Conference to the year-end fluctuations in grain and oil prices—all of these attracted the attention of the whole society. It is no exaggeration to say that agricultural and rural economic development ran through 1993 as "hot spots."

Agriculture: High Yield, High Quality, Faster Pace

Agricultural production reaped bumper harvests again with the annual grain output hitting 456.4 billion kg, breaking the all-time high by 10.2 billion kg. Total output of oil bearing crops reached 17.61 tonnes, 1.2 million tonnes more than the previous record. Though the total sown area under grains decreased slightly, average output per mu rose by eight kg. Major agriculture and sideline products continued to grow, except cotton and sugar crops, which dropped in output. Total output of meat, eggs, dairy, and aquatic products is expected to rise by more than 5.5 percent, 6.4 percent, 7 percent, and 10 percent respectively on the previous year, assuring the whole country of a rich supply of food. Most encouragingly, agricultural production has met market demands, stepped up efforts in structural adjustment, and taken new steps in the direction of high yield, high quality, and high efficiency. In response to falling prices of early crops like long grains due to a slow market and stockpiles, and rising prices for under-supplied quality grains, soybeans, and mixed cereals, localities all stepped up efforts to adjust their crop mix. Statistics from the Ministry of Agriculture show that national grain farmland shrank by 26 million mu in 1993, down 5.5 percent from the previous year. In particular, the area of early long grains, inferior in rice quality, was cut by over 12 million mu, down 9.5 percent from the previous year. Soybeans acreage and other mixed cereals increased by over 34 million mu, up 20 percent. Quality crop acreage extended to some 100 million mu, accounting for over 30 percent of all rice paddies. Quality wheat acreage grew by over 3 million mu to some 16 million mu. Meanwhile, there has been faster development in well-known, special, quality, new, and rare breeds in the breeding industry.

Township and Town Enterprises: Parallel Growth and Strong Momentum in East, Middle, West Regions; Good Momentum

Township and town enterprises continued to maintain a strong growth momentum and parallel growth in economic efficiency. Total income from realized operations and sales last year is expected to be 2.6 trillion yuan [figure as published], total profits and taxes of 255 billion yuan, and total output value of 2.9 trillion yuan, a 40-percent increase on the same period a year earlier for all three items.

Foreign exchange earnings from exports grew by leaps and bounds. The total delivered export value was 190 billion yuan, up 60 percent from the previous year and accounting for about 45 percent of the total value of the country's exported commodities.

Firms continued to expand in scale. There were some 400 township and town enterprises in 1993 whose annual output value topped 100 million or above, 300 had sales over 100 million yuan or above, and close to 100 delivered exports of 100 million yuan or above.

Numbers employed rose considerably. There are about 112 million workers in township and town enterprises, 6 million more than in the previous year. Over 60 percent of the net increase in peasants' per-capita net income came from township and town enterprises, 29 billion yuan was used to support various rural projects, and 13 billion yuan was provided in agricultural development funds in a scheme to encourage the subsidization and development of prefectural agriculture by industry, respectively up 50 percent and 20 percent on the previous year.

One important characteristic of last year's development in township and town enterprises was a new situation in the economically developed eastern region, where scale, standards, quality, and economic efficiency all rose. In the middle and western regions, the development pace quickened. Statistics from the Ministry of Agriculture show that in 1993, rural surplus labor absorbed by township and town enterprises in the central and western regions in 1993 accounted for 60 percent of the new jobs provided by all of the country's township and town enterprises, the total output value of township and town enterprises in the central and western regions grew by about 400 billion yuan, about 40 percent of the net growth in national output and up over 60 percent on the previous year, higher than the average national growth rate of 10 percentage points. Meanwhile, total output value, income from operations and sales, total profits and taxes, and the total number of workers in township and town enterprises in the central and western regions all saw a rise on the previous year in their share of township and town enterprises nationally. This was a remarkable achievement.

Rural Reforms: More Explicit Market Orientation

The main characteristic of rural reforms last year was an enhanced role for market mechanisms and a further deepening of marketization. At present, apart from a few items, such as cotton and tobacco leaves, operations and prices of all other agricultural products have been deregulated, chief among which was basically the national deregulation of grain purchase and sale prices. Reform in the grain purchase and sale price system, the main agricultural product of the national economy and the people's livelihood, had gone through years of exploration, suffered many reversals, and had come to be seen as the last bastion of the planned economy and the hardest one to conquer. The important progress of last year's deregulation of grain prices, therefore, will undoubtedly provide the peasants' efforts to tailor production to market demands with greater room for maneuver.

The cooperative shares system has come a long way in rural areas. About 10 percent of township and town

enterprises around the country are pursuing the cooperative shares or joint-stock system, with a considerable increase in the number of business conglomerates, there being nearly 100 of them nationally. Areas and counties experiencing a more extensive range of the share cooperation system have appeared in Guangdong, Jiangsu, and Shandong, offering much new experience.

A series of new policies unveiled by the central rural conference was aimed at deepening reforms, such as extending the duration of land contracts, permitting paid transfers, and buying in shares of land contracts, and reforms in the urban residence status system are playing a role in optimal resource allocation in rural areas.

There Are Still Hidden Problems: We Cannot Afford To Grow Complacent

Early in 1993, many worried about agriculture. But by the end of the year, the situation was such that people were relieved, which was a hard-won achievement: Leadership over agriculture and rural work from the central to the local level was strengthened, a series of policies and measures aimed at protecting agriculture were unveiled, policies were enforced, peasants' burden reduced, and practical production problems solved. The weather helped too: There was basically fine weather throughout last year, with no major climatic disasters during key growth periods, which ensured bumper harvests.

There are still hidden problems behind the favorable developments in agriculture and the rural economy in 1993, and some deep contradictions gradually emerged. In 1992, peasants' net per-capita income grew by 5.9 percent, a sign of recovery. In 1993, the increase in peasants' income, after factoring in price increases, again slowed to 2 percent from the previous year, a far cry from the 12 percent per-capita increase in income for urban residents, which widened the gap between them. Agriculture, especially grain and cotton production, suffered from low efficiency, which remained a headache for agriculture and a main cause of the peasants' slow income growth.

Pressure on employment in rural areas is increasing. There is a surplus labor force of 100 million in rural areas, to which another 13 million is added each year, while there are only limited ways to channel this surplus labor force. Township and town enterprises are also absorbing this labor force at an increasingly slower rate.

Methods of regulation and control available to the state are far from enough, such as insufficient inputs to agriculture, capital drain, occupation of farmland, and unperfected macroregulatory control, information, and guidance systems for the demand and supply of agricultural products.

In 1994, reforms in the economic structure are entering a stage of attack on all fronts and are taking on key

problems, and the reform and development of agriculture and the rural economy is facing more complicated external circumstances and unprecedented opportunities and challenges!

We hope that rural areas will forever remain "hot spots!"

Agricultural Success, Issues in 1993 Reviewed

OW2001125394 Beijing XINHUA Domestic Service in Chinese 0832 GMT 5 Jan 94

[By reporters Pu Liye (5543 4539 2814) and Zhao Lianqing (6392 6647 1987)]

[Text] Beijing, 5 Jan (XINHUA)—Thanks to efforts exerted by leading authorities and the hundreds of millions of peasants in the country, China's agricultural and rural economy continued to grow in 1993. According to information recently released by the State Statistics Bureau, even though the nation's total sown acreage in 1993 was smaller than that of a year before, the nation's total grain output in 1993 reached 456.4 billion kg, topping the previous record by 10.2 billion kg, and the average per-mu yield increased by eight kg. The substantial per-unit increase was unusual in recent years.

Last year, to provide stronger leadership over agriculture and rural affairs, the CPC Central Committee and the State Council called a series of meetings to promulgate grain production and marketing policies, to promote grain sales, to examine development of township and town enterprises in central and western China, and to review the situation of cotton production and rural affairs. They also put forth many effective measures for encouraging grain and cotton production, reducing peasants' burdens, and making sure "IOU's" were not issued in lieu of cash payments for agricultural purchases. Following the central authorities' guidelines, all local governments strove to do everything possible to reduce peasants' burdens; to increase agricultural investment in terms of capital, supplies, and technical expertise; and to strengthen the role of agriculture as the foundation of the national economy. Their efforts as well as the good weather facilitated the bumper harvests and the sustained economic growth in rural areas.

According to the Ministry of Agriculture, except for the output of cotton and sugar, which registered a decline, the output of all other agricultural goods and nonstaple foods continued to increase last year. The total output of oil-bearing crops reached 17.61 million tonnes, topping the previous record by 1.2 million tonnes; and people's greater demands for nonstaple foods were ensured with the increased supply of meat, dairy goods, eggs, and aquatic products, the total output of which were expected to top that of the year before by 5.5, 6.4, 7.0, and 10.0 percent respectively. As the pillar of the rural economy, township and town enterprises, in addition to maintaining their strong developmental momentum, registered growth in both output and returns last year. It is expected that the sales of the nation's township and town enterprises would reach 2.6 trillion [wan yi 8001

0310] yuan, the total profit taxes they paid reached 255 billion yuan, and the total output reached 2.9 trillion yuan last year, or a 40 percent growth from those of the year before in all three cases. What is even more eye-catching is the fact that the total value of export goods which township and town enterprises had delivered reached 190 billion yuan, topping that of the year before by 60 percent, or approximately 45 percent of the goods which the nation purchased for export. Owing to the boom in all rural sectors and broader channels for peasants' production, peasants' net per capita income last year was expected to reach 880 yuan. Allowing for inflation, the increase will be about two percent over that of the year before.

The features of agricultural production in various parts of the country last year were greater efforts for restructuring the agricultural pattern to accommodate market needs, as well as the noticeable high output of products of good quality and high returns. Last year was the first year in which all sectors of the nation's agricultural production moved toward the market, and the hundreds of millions of peasants planned their production according to market needs instead of following the state's mandatory plans as before. In addition to expanding the acreage for economic crops, peasants in various parts of the country also readjusted the varieties of cereal crops, and expanded the acreage of crops which yielded higher returns and had promising market prospects. According to the Ministry of Agriculture, in 1993 the acreage of early nonglutinous rice of poor quality was downsized by

more than 12 million mu and the acreage of rice of good quality was expanded to more than 100 million mu, or over 30 percent of the total rice acreage; the acreage of quality wheat was expanded to more than 16 million mu, or over three million mu more than the year before; and the acreage of soybean and other minor miscellaneous cereal crops was expanded by 20 percent, exceeding 34 million mu. Meanwhile, the breeding of well-known, special, quality, new, and rare products developed quickly.

An official of the Ministry of Agriculture said that certain factors, which should not be ignored, are still obstructing China's agricultural and economic development. The most conspicuous problems are: Low returns from agricultural production, especially grain and cotton production, widening gap between yields from industrial and agricultural goods, and sluggish increase in peasants' income; incompatibility between the development and popularization of agricultural techniques on the one hand and the requirement for faster agricultural growth on the other; growing needs for jobs as a result of the annual increase of over 10 million able-bodied individuals in rural areas; and the state's imperfect macroeconomic regulation and control over agriculture, undeveloped rural systems of economic information, and the lack of a fast and efficient market guidance for agricultural production. To expedite development of the market economy in rural areas, the vast number of cadres and masses are now looking for solutions to these problems while deepening reform.

North Region

Beijing Sets 'Priorities' for Foreign Investment

OW1901100594 Beijing XINHUA in English 0904
GMT 19 Jan 94

[Text] Beijing, January 19 (XINHUA)—China's capital city has designated priorities for overseas investment this year, according to the municipal government.

The priorities will be mainly in the fields of the automobile, electronics and new building materials industries, as well as urban infrastructure, deep processing of farm and farm side-line products, and the service sector.

Beijing will encourage foreign investors to engage in production of less-energy-consuming, high value-added and high-tech products.

Investment in real estate development linked with the reconstruction of old urban areas, and construction of commercial, consultancy, information and tourism facilities is also welcomed.

It will export fine varieties of fruit trees, vegetables, poultry, and deep-processing equipment and techniques for farm products.

More overseas funds will be guided into high-tech and export-oriented products, and technical upgrading of old industrial enterprises.

As the political, cultural and international exchange center of the country, Beijing made marked progress in industrial output value, house construction and profits made by the service sector last year.

The city is also the country's biggest hub of communications. It has 19 railway lines with a total annual handling capacity of over 45 million tons, and 2,037 highways with a total length of over 10,000 km, of which more than 100 km are express highways.

It has 85 air routes to nearly 40 cities in 29 countries, IDD [international direct dialing] service to 96 countries and regions, and postal service to 207 cities in 120 countries and regions.

Last year the city approved the setting up of 3,752 foreign-funded enterprises with total foreign investment of 6.28 billion U.S. dollars. The investors are from over 60 countries and regions.

By the end of last year over 600 foreign-funded firms had gone into production.

Beijing To Speed Up Personnel Management Reform

OW2101094294 Beijing XINHUA in English 0829
GMT 21 Jan 94

[Text] Beijing, January 21 (XINHUA)—Beijing will quicken its personnel management system reform this

year to keep up with the socialist market economy being established in the country, according to an official of the municipal government.

Addressing a meeting Thursday [20 January], Zhang Baifa, an executive deputy mayor of Beijing, said that the reform of personnel management is one of the most crucial measures to be taken this year to promote economic development and bring the potential of civil servants in the municipal organizations into full play.

The capital's personnel management system reform aims at restructuring government organizations, putting the civil service system into practice and speeding up the wage system reform in government organizations, the deputy mayor said.

The municipal government will work hard to achieve a healthy development of the city's center where talented people can seek new and suitable jobs.

The capital will also speed up the social insurance system reform in municipal government organizations so as to maintain social stability and guarantee personnel management reform.

In addition, effective measures will be taken to enable large and medium-sized state-run enterprises and the rural areas of the capital to stem the brain drain, Zhang said.

Hebei Conducts Reform of Personnel Affairs Systems

SK1701094894 Shijiazhuang Hebei People's Radio
Network in Mandarin 2300 GMT 15 Jan 94

[Text] Judging by the entire situation, the province has not fundamentally cast away the personnel affairs pattern formulated under the old economic system, though the party and government organs at all levels throughout the province have been readjusted over the past few years and work has been done to control the growth of organs and staff size. The problems of overstuffed organizations, duplication of functions, uneven relations, and low efficiency still exist in the province. It is time for us to conduct reform and to deal with these problems fundamentally.

According to the station reporter's dispatch from the provincial personnel affairs work conference that concluded on 15 January, the major tasks the province adopted to cope with the aforementioned problems are to push forward in an overall way reform of organs; to establish gradually or enforce the system of public servants; to conduct vigorous reform of the wages systems of organs, establishments, and units and to orient the wages systems to an enforcement track; to promote reform of the system of social insurance in organs, establishments, and units; to deepen reform of personnel affairs systems of enterprises and establishments; to actively establish or improve the managerial and service systems for talented personnel; and to enhance the

management over the affairs of specialized and technical cadres. In successfully conducting reform of organs and enforcing the system of public servants, emphasis should be placed on successfully grasping the connection between the reform of organs and the enforcement of public servant systems. First, we should do a good job in conducting definition in the following three fields: 1) The definition of organs functions; 2) The definition of organs names; and 3) The definition of staff size. We should be determined to deal with the long-standing problems of disputes over trifles that exist among economic departments and between the comprehensive economic departments and the specialized economic departments. Second, we should carry out personnel transfers and do a good job in shifting the function of departments. A central task in this regard is to establish a demarcation line, under the socialist market economy system, between things that must be controlled by the state and those that should not be controlled, and to deal correctly with the relationship between them. Streamlining the staff size of organs and transferring personnel constitute a difficult point in reforming organs and is a premise of enforcing the system of public servants. In line with the demands of the CPC Central Committee and the State Council and the province's situation, the party and government organs at or above the county level across the province should carry out a personnel cut of 35,000. This is a quite arduous task and requires us to do a good job in deeply and carefully conducting ideological and political work among personnel and to enable the broad masses of cadres, staff members, and workers to adopt a correct attitude toward the new appointments and dismissals by realizing it is necessary in order to build Hebei into a strong economic province. We should try to have the reappointees be relaxed and greeted with pleasure by the outgoing personnel.

The provincial party committee and the provincial people's government have decided that the province will basically complete the reform of organs by the end of 1995 and the work of enforcing the systems of public servants by the end of 1996. Tasks for the two reform projects are very arduous. Meanwhile, they have also made specific arrangements for the reform of the wage systems.

Inner Mongolia's Wang Qun on Judicial, Security Work

SK2101025594 Hohhot NEIMENGGU RIBAO in Chinese 30 Dec 93 pp 1, 4

[By Wang Dongmei (3769 0392 2734): "The Autonomous Region Holds Conference on Judicial and State Security Work"]

[Text] On 29 December, the autonomous regional party committee held a regional conference on judicial and state security work.

Wang Qun, secretary of the regional party committee, presided over the conference and gave a speech. Wu Liji,

deputy secretary of the regional party committee and chairman of the region, made a speech on doing a good job in the region's judicial and state security work in line with the region's realities. Wang Zhan, deputy secretary of the regional party committee, relayed the guidelines of the national conference on judicial and public security work.

Qian Fenyong, Geriletu, and Wuyunqimuge attended the conference.

In his speech, Wang Qun pointed out: Development is our purpose, reform is the motivation for development, and unity and stability are the essential prerequisites for reform and development. Regarding stability as an overriding task is precisely to ensure development. Reform, development, and stability are mutually conditional. The region's political, cadre, and work foundations are good and are based on the good tradition of national unity. The current overall situation is also very good and are favorable to reform and development. However, leaders at all levels should remain sober-minded and should understand that some factors affecting social stability also exist. Therefore, we should strengthen party leadership and strengthen ideological education for cadres and the masses. Leaders of party committees and governments at all levels should all persist in the fundamental principle of taking a two-handed approach and being tough with both hands, that is, they should not only pay attention to economic construction, but also to building spiritual civilization. We should unite the ideas of the whole party and the whole society with the guidelines of the 14th party congress and the third plenary session of the 14th CPC Central Committee. We should strengthen unity in all fields and mobilize the initiative of all fields to positively greet the critical year of 1994 and to create a new situation in the socialist market economic system.

In his speech, Wu Liji pointed out: Persisting in the fundamental principle of grasping both economic construction and spiritual civilization to create long-term and stable social and political environment for reform, opening up, and modernization drive constitutes an important content of the theory of building the socialism with Chinese characteristics. Next year is critical to deepening reform. All localities should conscientiously implement the "decision" of the third plenary session of the 14th CPC Central Committee and the guidelines of the eighth (enlarged) plenary session of the fifth regional party committee. All localities should not only persist in development without the slightest degree of deviation, increase the dynamics of reform, and accelerate the pace of building the socialist market economic system, but also steadfastly put stability in an important position, implement the principle of "regarding stability as an overriding task," truly regard economic construction as the central task, and make reform, opening up, economic development, and social stability promote one another. Party and government leaders at all levels should actually shoulder the duty of safeguarding political stability, should conscientiously persist in the principle of taking a

two-handed approach and being tough with both hands" not only in holding meetings and issuing documents but also in actions, and should pay attention to the work of safeguarding social and political stability in the course of paying attention to reform and development.

He said: In our Inner Mongolia, national unity constitutes the foundation of social stability. The unity of the party, the unity among all levels of leading bodies in particular, constitutes the guarantee for maintaining unity among all nationalities. We should firmly and unrelentingly educate the cadres and the masses of all nationalities with the Marxist viewpoint on nationalities and with the party's policies towards nationalities. We should always hold high the banner of developing the economy and promoting national unity. In promoting the cause of national unity and progress, we should correctly approach and handle the issue of nationalities in line with state laws and pertinent policies.

He stressed: Under the new situation, the most fundamental and effective way to make judicial, procuratorial, and state security organs persist in the party's basic line and facilitate economic construction, is to fully exploit the function of the people's democratic dictatorship entrusted on these organs by the state in order to create a good and stable social environment for accelerating economic development and establishing new systems. We should effectively exploit the functions of state security organs, actually strengthen the struggle against covered fronts, and frustrate subversion, infiltration, and sabotage of the hostile forces outside the territory. We should further organize cadres and the masses in the region to study and propagate the "state security law" to enhance their patriotic spirit and their sense of state security. At the same time, we should continue to deal severe blows to criminal cases, concentrate on investigating and handling major and appalling economic cases, such as corruption and embezzlement cases, punish serious criminal cases as severely and promptly as possible, and actually overcome and correct the phenomena of failing to enforce laws strictly and failing to deal severe blows to crimes. We should strengthen supervision over law enforcement of judicial, procuratorial, and state security organs in order to successfully build these organs and successfully build the ranks of judicial, procuratorial, and security workers.

He also set forth specific demands on further strengthening leadership over judicial and state security work, on trying the best to solve conspicuous problems and difficulties, and in strengthening state security work.

A responsible person of the regional security department relayed the guidelines of the national security work conference. Attending the conference were the comrades who were attending the eighth (enlarged) plenary session of the fifth regional party committee, responsible persons of the regional judicial and state security departments, and responsible comrades of judicial and procuratorial, public security, and security departments of various leagues and cities.

Inner Mongolia Holds Conference of Chief Procurators

SK1801114894 Hohhot Inner Mongolia People's Radio Network in Mandarin 1100 GMT 15 Jan 94

[Text] The regional conference on the work of league and city chief procurators opened this morning. In his speech given at the opening of the conference, Zhang Hesong, chief procurator of the autonomous regional people's procuratorate, pointed out: The major tasks of the region's procuratorial work for this year are to strengthen the function of legal supervision; to strictly enforce laws; to give great attention to handling of cases; to concentrate efforts on investigating and handling major and serious cases, especially the cases committed by leading cadres, law violation resulting from perfunctory law enforcement, and the cases committed by legal persons; to crack down on various criminal activities to protect the legal rights and interests of citizens; and to safeguard political and social stability.

In his speech, Zhang Hesong first reviewed and summarized the region's 1993 procuratorial work and spoke on his understanding of the past year's work. Zhang Hesong pointed out: This year is the crucial year for comprehensive implementation of the guidelines of the third plenary session of the 14th party Central Committee. In the new situation, important historical missions are entrusted to procuratorial work. Attaching importance to the interests of the party, the state, and the people, we should enhance our sense of missions and responsibilities, conscientiously perform the function of legal supervision entrusted by the Constitution, and fulfill all tasks in an outstanding way. We should continue concentrating efforts on investigating and handling major and serious cases to maintain the sustained, in-depth, and healthy developmental trend in the anticorruption struggle. We should further intensify the work of investigation, reinforce and improve the work to report crimes, and strengthen judicial work. We should strengthen our coordination with discipline inspection, supervision, public security, state security, and court departments and provide information to and support each other. Procuratorial organs across the region must fully perform their functions as the tools of the people's democratic dictatorship and continue strict and prompt crackdown on serious criminal offenses according to law, with the focus on violent and gang crimes on murder, robbery, rape, violence, and robbery with a weapon. They should continue to participate in the unified action to crack major cases, deal blows to criminal rings, and pursue escaped criminals; the special struggles to eliminate theft, bus and train marauding and waylaying, abduction and trafficking of women and children, corruption, pornography, and six vices; and particular public security improvement activities in the localities and road sections where public security is chaotic and problems are many, thus combining special efforts in crackdown on crimes with the efforts to tackle chaos. We should continue strengthening supervision over law enforcement and resolutely correct perfunctory law

enforcement to ensure unified and correct enforcement of state laws. We should have the courage to exercise supervision, emphasize work methods, focus on areas where supervision should be strengthened, and, by handling cases, continuously strengthen and improve supervision over law enforcement and raise the legal supervision level.

In his speech, Zhang Hesong also gave opinions on stepping up efforts to improve the contingents to upgrade their overall quality and enhance their combat strength.

Inner Mongolia Holds United Front Work Conference

SK2001143694 Hohhot NEIMENGGU RIBAO in Chinese 30 Dec 93 pp 1, 4

[By reporter Gao Ping (7559 1627): "The Regional United Front Work Conference Is Held in Hohhot"]

[Text] On 28 December, the regional united front work conference was held in Hohhot. The conference called on the people of various nationalities and all circles across the region to work with one heart and one mind, to pool the efforts of all and to strive to realize our region's two expected goals by the end of this century and to realize the grand objective of "marching towards the front rank."

The conference was presided over by Wang Qun. Qian Fenyong gave an important speech. Bai Enpei, Wang Zhao, Geriletu and Wuyunwimuge attended the conference.

In his speech, Qian Fenyong first relayed the guidelines of the national united front work conference. He said: The national united front work conference was held at the time when our country's reform, opening up and modernization have entered a new historical stage. The conference used Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics as a guidance, conscientiously studied and clearly defined the new situation and new tasks facing the current united front work. Qian Fenyong said: Inner Mongolia is a border minority area and the first region of our country where the regional national autonomy is implemented. The characteristics of having minority nationalities to live in compact communities and various religions have enabled our regional united front work to occupy an important position and to play an important role. To accelerate the pace of reform, opening up and economic development, Inner Mongolia must mobilize the strength of all sectors to participate in reform and construction and safeguard national unity, the reunification of the motherland and stability in the border areas. Along with the establishment of the socialist market economic system, the new pattern of establishing a structure of ownership with socialist public ownership as the main body and the joint development of multiple economic sectors is taking shape in our region and the rank of workers of the non-public sector is being

expanded unceasingly. Under such circumstances, our region's united front has become greater in scope with more objects and heavy tasks. Party committees and governments at all levels, in particular, the party's leading cadres at all levels, should fully understand the important significance of our region's united front work from the strategic perspective of promoting the building of two civilizations, democracy and the legal system, safeguarding stability in the border areas and realizing a long period of order and stability, adopt practical and effective measures, strive to form a new atmosphere in our region's united front work and create a new situation.

Qian Fenyong said: To comprehensively promote our region's united front work, we must particularly grasp well four current tasks. First, we should conscientiously do nationalities work well. To successfully carry out nationalities work, the most crucial and core issue is to accelerate our region's economic development. At present, we should conscientiously implement the guidelines of the eighth enlarged plenary session of the fifth regional party committee under the guidance of the spirit of the decision of the third plenary session of the 14th CPC central Committee, regard the establishment of the socialist market economic system as the objective and carry out our work in close connection with the main theme of reform, opening up and development. We should continue to consolidate and develop a socialist national relation of equality, mutual help, unity and cooperation among the people of various nationalities and strengthen the great unity among people of various nationalities; second, we should strengthen management over religious affairs in line with law. We should comprehensively and correctly implement the party's policy on reform of religious beliefs, consolidate and develop the patriotic united front between the party and the religious circles and concentrate the will and strength of all religious believers on the cause of building socialism with Chinese characteristics. Meanwhile, we should ban and deal strict blows to illegal and law-breaking activities in line with law and channel religious activities to the path of policies and law; third, we should further strengthen the democratic party work. It is necessary to continuously uphold and improve the system of multi-party cooperation and political consultation under the leadership of the CPC and give full play to the role of democratic parties and nonparty personages in joining the discussion of political affairs and democratic supervision. Party committees, people's congresses, governments, and the committees of Chinese People's Political Consultative Conference at all levels should realistically issue specific policies in an effort to institutionalize, standardize and regularize political consultation and democratic supervision. Party committees at all levels should strengthen the selection and training of nonparty cadres and unceasingly improve their quality; fourth, we should do a better job in united front work in various spheres and boost the enthusiasm of all sectors. It is necessary to further strengthen the work on intellectuals outside the party, unite with and mobilize the nonparty

intellectuals to actively offer plans and measures and give full play to the role of the united front as a "tank of personnel." We should strengthen overseas united front work, give play to the role of overseas friendship associations, make friends extensively, and attract more compatriots from Taiwan, Hong Kong and Macao and Overseas Chinese compatriots to come to our region on tour and observation and for making investments and engaging in economic and trade activities.

Wang Qun gave a speech at the end of the conference. He pointed out: The united front is an important magic weapon for our country to win a victory in revolution and construction. During the new historical period, the united front has a more extensive and profound historical significance. Party and government departments at all levels across the region, in particular, the principal leaders, should fully understand the important meaning of our region's united front work and conscientiously study and deeply understand the spirit of the national and regional united front work conferences. In implementing the party's united front policy, the task of prime importance is to grasp nationalities work. We should continue to consolidate and develop socialist national relations; uphold and improve the regional national autonomy system; and strive to accelerate economic development and social progress in minority areas. Wang Qun stressed: We should unite with all the forces that can be united, mobilize and educate people of various nationalities and various circles across the region to work with one heart and one mind, pool the efforts of all to overcome difficulties, and struggle to win a comprehensive victory of reform, opening up, development, unity and progress in our region.

Inner Mongolia Reports on Education, Health Development

SK2001140794 Hohhot NEIMENGGU RIBAO in Chinese 20 Dec 93 p 1

[Summary] Over the past 15 years and since the enforcement of reform and opening up, Inner Mongolia Autonomous Region has achieved prosperous development in the undertakings of education, science, technology, and public health; which have played an important role in making the culture of various nationalities prosperous, upgrading the cultural quality as a whole, ensuring the health of the masses, and promoting the construction of socialist spiritual civilization. The region's indexes of public security, public health, health care, and population's quality are in the first ten places in the country as well as those of culture, sports, and social security are in the first sixteen places in the country.

By the end of 1992, the region possessed 19 general higher educational institutions that showed a four-institution increase over 1978. The number of students in these institutions reached 32,000 and showed a 20,000-student increase over 1978. Of these students, 7,444 are of Mongolian nationality and showed a 5,598-student increase over 1978. Of these institutions, 101 are

secondary specialized schools and showed a 17-school increase over 1978, which accommodated 52,800 students. Of these students, 7,521 are of Mongolian nationality, a 5,504-student increase over 1978. The region possessed 382 vocational middle schools of agriculture and animal husbandry, which accommodated 145,100 students. Institutions in charge of adult education were established everywhere in the region. The number of college students possessed by every 10 thousand people increased from 6.7 persons in 1978 to 14.5 persons in 1992. In particular, the number of college students possessed by every 10 thousand minority people reached 20.6 persons and that possessed by every 10 thousand Mongolian people reached 22 persons. Both of the numbers exceeded the regional and national levels in this regard. By the end of 1992, the region possessed 3,640 middle and primary schools run by the minority people, which showed a 2,204-school increase over 1978. There are 10 general higher educational institutions and 29 secondary specialized schools across the region, which have provided Mongolian courses. The number of minority students in the middle and primary schools reached 746,300. Of these students, 630,000 are of Mongolian nationality. The proportion of these minority students exceeded that of minority people in the region's population.

By the end of 1992, the region possessed 120 people-run scientific research units that showed a 16.5 percent increase over 1978. It possessed 468,000 specialized technical personnel of various categories. Since 1985, the region has turned out more than 5,000 scientific and technological results. Of these results, 22 have won the national level awards and 1,449 have won the regional level awards of scientific and technological progress.

During the 1978-1992 period, the region's number of public health organs increased from 4,000 in 1978 to 5,253 in 1992 and showed a 1,253-unit increase. The number of hospital beds increased from 44,000 in 1978 to 64,000 in 1992 and showed a 20,000-bed increase. The number of hospital beds possessed by every 10 thousand people increased from 24 in 1978 to 27.6 in 1992 and exceeded the national level in this regard. By the end of 1992, the region possessed 103,000 technical personnel of public health, which showed a 69.3 percent increase over 1978. The number of doctors possessed by every 10 thousand people increased from 14.7 in 1978 to 21.3 in 1992. The region's public health departments are administering 67 Chinese and Mongolian medical organs and centers that possess 4,568 Chinese and Mongolian traditional medical doctors. The region possesses three medical colleges and 11 medical institutes. The average life span of the region's population has increased from 66.7 in the past to the standard above the world's medium level at present.

Tianjin Secretary Inspects International Airport

SK2101104794 Tianjin TIANJIN RIBAO in Chinese 3 Jan 93 p 1

[Text] Gao Dezhan, secretary of the municipal party committee, inspected the work of Tianjin international

airport yesterday morning. On behalf of the municipal party committee and the municipal government, he extended cordial regards to airport cadres, staff, and workers, and greetings and thanks to the broad masses of workers of the communications outlets and departments as well as units serving as a showcase for foreigners, who kept to production and to their work posts during the festive period. He stressed: During this year, to accelerate development, Tianjin must further expand opening up internationally and externally, welcome guests and friends from all directions and all over the world, and use foreign capital on a greater scale. Therefore, we must exert strenuous efforts to improve the municipal investment environment. All units across the municipality should devote efforts to improving the investment environment, and all people should do credit and contribute to fostering a good image of Tianjin in opening to the outside world.

Gao Dezhan and his entourage inspected the airport waiting hall and the cargo transport center, visited the on-duty personnel in the fields of security inspection, commercial service, customs, border inspection and fire prevention, and held cordial talks with them. While holding talks with responsible comrades of the Tianjin Civil Aviation Bureau, the Tianjin Branch of Air China and relevant departments at the airport, Gao Dezhan said: Beijing a showcase of Tianjin in opening to the outside world, Tianjin International Airport has achieved great achievements over the past few years and made positive contributions to Tianjin's economic development. The airport has good conditions in various aspects, with strong technological strength and great development potential. During this year, we should develop new ideas, take big move, work with one heart and one mind to seek greater achievements, and make new contributions to Tianjin's economic development. The municipal party committee and the municipal government have pinned great hopes on you.

Gao Dezhan said: This year, if Tianjin wants to seize the opportunity, accelerate the pace of reform, opening up, and modernization, and realize big development, the most fundamental things it should do is to further expand the degree of opening up, develop comprehensively towards all directions and in high layers and wider spheres, and regard using foreign capital on a broader scale as a prominent task. In this connection, we must further improve Tianjin's investment environment, enhance its attraction, and induce more people, materials and investments to flow to Tianjin. Improving investment environment is a comprehensive project involving the whole society, which can be achieved only by relying on the common efforts of all sectors. The airport, seaports, communication outlets, guesthouses, restaurants, emporiums and all "showcase" units should proceed from the reality, do our work well, and make more contributions to improving Tianjin's investment environment with a high sense of responsibility. All relevant departments should do a good job in holding talks on items concerning the use of more foreign capital;

all management departments should render good service; all "showcase" units should create first-grade work, and at the same time, further strengthen the building of infrastructure facilities. We should build Tianjin into a city with beautiful environment, good order and quality service and one of the places with the best investment environment in the country through our common efforts. It is the duty of all people to improve the investment environment. The broad masses of people across the municipality should take action actively, and add credit to displaying the mental attitude of Tianjin people and cultivating a good image of Tianjin.

Gao Dezhan said: The more we accelerate development and deepen reform, the more we should mobilize the enthusiasm of the broad masses of people. Leading cadres at all levels should show greater concern for the living of the masses, try their best to seek benefits for them, care for their well-being, and do practical things for them. It is necessary to unceasingly increase the income of workers and enhance the level of living of retired people through developing production and raising efficiency. The Spring Festival will come soon. Leading cadres at all levels should go deeply to the masses, realistically make good arrangements for the living of the masses, pay special attention to helping workers and staff members with difficulties to solve practical problems, and conduct activities on caring for the well-being of the people in a down-to-earth manner.

Zheng Zhiying, member of the standing committee of the municipal party committee and secretary general, and responsible comrades of relevant departments participated in the inspection and visiting activities.

Tianjin Starts 1994 With Large Inflow of Foreign Funds

OW1801032094 Beijing XINHUA in English 0202
GMT 18 Jan 94

[Text] Tianjin, January 18 (XINHUA)—Foreign investments are coming in surges to this largest port city of north China in the opening days of the new year, usually a slack season for business activities.

Since the beginning of 1994, more than 150 business people from Hong Kong, Germany, the Republic of Korea, Italy, Malaysia and Taiwan have come to Tianjin for business inspections and trade talks.

Ninety-five contracts were signed in the first ten days of January, involving a negotiated investment volume of up to 168 million U.S. dollars in the aggregate. Meanwhile, billions of yuan worth of agreements and letters of intent have been reached between the city and overseas companies. Both contracts and funds involved are equal to those for the whole year of 1991.

Mayor of the municipality Zhang Lichang described the inflow of overseas funds as a result of the city's bold reform measures designated for a market economy.

He said his city is attractive to overseas investors because of its ideal geographical location, advanced transportation, rich natural resources, high-grade technologies, and well-trained personnel.

Following the northward movement of foreign investments coming to China, the mayor said, Tianjin has become a new favorite for investors across the world.

General manager of the Japanese Mitsubishi Corporation Kawamura Hiroshi, regretful for his company's belated arrival to invest in Tianjin, said he was convinced that much of China's development potential lies in the north, with Tianjin the most hopeful contender to lead the northern economic take-off.

While facing competition from other provinces in the drive for overseas funds, Tianjin's success, starting from the sound foundation laid down over the past few years, will hinge on the established policies of accelerating development through more foreign investments, the mayor said.

As part of the efforts to expand business overseas, Mayor Zhang led a trade delegation to the Republic of Korea, Malaysia, and Hong Kong. During the tour, he had talks with chiefs of more than 40 financial groups about conducting business cooperations.

As a result, agreements were reached on more than 20 cooperative projects, which involved more than four billion yuan in overseas investments.

Thanks to these efforts, Tianjin has become better known worldwide, which in turn benefits the city economically.

According to a recent meeting on foreign trade and economic relations, the city's target for 1994 is five billion U.S. dollars of contracted overseas investment.

Meeting participants were told that the bulk of the funds will go to the construction of infrastructures, capital industrial projects, the upgrading and renovation of old enterprises, the development of real estate, and the service industry.

As mapped out in the city's development strategy, Tianjin will complete the renovation of more than seven million old and unsafe houses within seven years. And eight years is the maximum period in which to finish upgrading of old enterprises.

The city also envisages setting up a new development zone in its coastal areas along the Bohai Sea.

Tianjin To Restructure All State-Owned Firms
OW1901113894 Beijing XINHUA in English 1124
GMT 19 Jan 94

[Text] Tianjin, January 19 (XINHUA)—Tianjin municipality, one of the biggest industrial cities in north China, will restructure all of its state-owned firms in the following eight years.

The plan was drawn up at a recent annual municipal economic work conference for 1994.

Zhang Lichang, mayor of the municipality, pointed out at the conference that state-owned firms could only become more competitive in both international and domestic markets after being restructured.

According to sources from the conference, most of the well-run large and medium-sized state-owned enterprises in the city will be transformed into companies with limited liability or limited liability stock companies.

Meanwhile, systems of shareholding, joint stock, contracting and leasing will be expanded in small-sized enterprises.

Zhang is also encouraging well-run firms to form groups by means of merging and integration and said that in place of the single-product and single-sector operation, a diversified economy should be adopted and spread in state-owned enterprises, especially loss-making ones.

According to official statistics, there are now nearly 600 large and medium-sized enterprises in Tianjin, which involve the industries of textiles, machinery, automobiles, metallurgy, electronics and automobiles.

Northeast Region

Liaoning Holds Economic Work Conference

Addressed by Secretary, Governor

SK1901052694 Shenyang Liaoning People's Radio
Network in Mandarin 2300 GMT 18 Jan 94

[Text] The provincial economic work conference was held in Shenyang on 18 January. Governor Yue Qifeng made a speech entitled "Clearly Understand the New Situation and Seize the New Opportunity to Win New Victory in the Second Pioneering Program." In his speech, he set forth general demands for this year's economic work, that is, to deepen reform, expand opening up, and improve the quality of economic operations by accelerating the establishment of the socialist market economy in order to ensure that the national economic plan is fulfilled and new victory in the second pioneering program is won this year.

Yue Qifeng said: The most conspicuous characteristics of this year's economic situation are: The province is about to make a big step in reform; in macroeconomy, the state is about to carry out reforms in finance and tax, banking, foreign trade, investment, and management of state-owned assets; and in microeconomy, the province is about to make a substantive step in changing the mechanisms of enterprises with the purpose of establishing a modern enterprise system. This year, we will not only face the old problems of conspicuous structural contradictions, stagnated technological transformation, heavy historical burdens, low economic efficiency, and extensive management but will also meet new problems

in carrying out new major reform measures. The mix of new and old contradictions will impose a rigorous test on the province's economic development.

Yue Qifeng said: Whether we can achieve new and even greater progress in the economy this year depends primarily on whether we can make a big breakthrough in reform. Therefore, in conducting economic work in 1994, we should not only give prominence to reform by regarding it as the major line running through the whole process, but also persist in the idea that only development constitutes the essential criterion, seize the new opportunity, face up to new challenges, and achieve new progress. We should not only give prominence to grasping the focal and difficult points of economic work and continue to run large and medium-sized enterprises well but also energetically cultivate and develop new economic growth points.

Yue Qifeng said: The tasks on reform, opening up, and economic construction we face this year will be very arduous, and the reform measures to be set forth this year will be more numerous, extensive, profound, and difficult than those set forth in any of the past dozen of years. This has set on us a demand higher than those set on us in the past. To adapt ourselves to the new situation, leaders at all levels must conscientiously study Volume 3 of the *Selected Works of Deng Xiaoping* and must further emancipate the mind, enhance spirit, change the style of work, and truly attend to work. So long as our minds are emancipated, our road of development is set correctly, and our work is practical, we will certainly realize sustained, rapid, and sound development in the national economy and win new victory in the second pioneering program.

The conference was presided over by Xiao Zuofu, vice governor of the province. Vice Governor Wen Shizhen relayed the guidelines of the national economic work conference. Attending the conference were provincial leaders Gu Jinchai, Wang Huaiyuan, Shang Wen, Li Guozhong, Yu Junbo, Cong Zhenglong, Gao Guozhu, and Xu De.

Rapid Economic Growth Reported

SK1901053894 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 18 Jan 94

[Text] As learned by this reporter from the provincial economic work conference held on 18 January, rapid growth was effected in the province's economy last year, new changes took place in old economic patterns, and new gratifying results were achieved in the second pioneering program, so that last year showed the best economic development results since the beginning of the 1990's. Last year, the province's GNP was estimated at 179 billion yuan, an increase of 13.5 percent over the previous year; a bumper harvest was reaped in all crops with a total grain output of 16.96 billion kg, a record high; and the total industrial output value was estimated at 279.4 billion yuan, an increase of 28.2 percent over the previous year if calculated in terms of comparable

prices. A new leap was effected in the new economic growing point, with township and town enterprises as the mainstay. Such enterprises fulfilled the targets set by the Eighth Five-Year Plan two years ahead of schedule. The scale of opening up was expanded further. There were 7,895 foreign-funded enterprises of the three types in the province. The building of infrastructure and technological transformation was sped up.

Last year, new changes took place in the province's old economic patterns. First, new changes took place in the pattern of urban and rural economies. The proportion of the total product of the rural society in the province's total product of society rose from 29.8 percent in 1989 to 42.4 percent in 1993. Second, new changes took place in the pattern of large and small industries. The proportion of total output value of the industry at or below the county level in the province's total industrial output value rose from 37.6 percent in 1989 to 47.5 percent. The ratio between output value of large enterprises and small enterprises changed from 53:47 to 45:55. Third, new changes took place in the public and private sector's pattern. Output value of the province's non-state-owned industry was 143.7 billion yuan, accounting for 51.4 percent of the total industrial output value of the province. This is a first in Liaoning history. Fourth, new changes took place in the pattern of financial revenue. Last year, about 70 percent of the increase in the province's revenues were from township and town enterprises, newly rising economy, the tertiary industry, individual and private sectors of the economy, and the three types of foreign-funded enterprises.

Secretary Speaks on Development

SK2101013194 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 19 Jan 94

[Text] The provincial economic work conference held its second meeting on the afternoon of 19 January. Vice Governor Wen Shizhen presided over the meeting. Gu Jinchai, secretary of the provincial party committee, made an important speech, entitled "Emancipate the Mind, Strengthen Leadership, and Strive To Effect Sustained, Rapid, and Sound Development in Liaoning's Economy."

Gu Jinchai pointed out: At present, the province is confronted with the following opportunities at least in accelerating reform and development. First, although the commencement of the series of state reform measures in finance and tax, banking, investment, and foreign trade will inevitably bring us some difficulties and clashes, these measures, when viewed from the point of view of overall interest, will be favorable to the province's development, and, in particular, will bring us an extremely good opportunity to invigorate large and medium-sized state-owned enterprises, to renovate old industrial bases, to readjust the structures of industries and products, and to develop foreign economic relations and trade. Second, at present the investment made in China by foreign firms, in particular by some large foreign enterprises and

financial groups that enjoy high popularity and have solid strength, is gradually moving northwards, the state strategy for developing the Bohai Economic Circle area has been carried out further, and the economic exchanges and cooperation among various countries in Northeast Asia have become closer and closer. All these have provided the province with an extremely favorable opportunity to further expand the scale of opening up and to energetically develop an export-oriented economy. Third, although the new economic growing points defined by the province have witnessed relatively good progress over the past few years, there is still tremendous potential. And, these new growth points may enter the market rapidly, thus constituting an extremely good opportunity to develop the province freely. Fourth, the market network that has already been shaped throughout the province's urban and rural areas, and, in particular, the market of means of subsistence, which ranks among the country's best in business volume and popularity, have provided extensive and very convenient market conditions for the province's textile, light industry, and foodstuff trades, which are in dire straits.

Gu Jinchi said: It is not our purpose to understand opportunity. What is important is to seize the opportunity to develop ourselves. This is the only way for us to gain even greater initiative amid the waves of the new round of reform and opening up. This year, we should emphatically achieve marked results in the following three aspects: 1) Enterprise reform, the reform of large and medium-sized state-owned enterprises in particular; 2) rural reform; and 3) the building of market system. We should correctly handle the relations between reform and development, between speed and efficiency, between key projects and non-key projects, and between economic work and political work and should strengthen and improve leadership over economic work in order to provide a powerful and effective political guarantee for accelerating the province's economic development.

Gu Jinchi stressed: To effect a rapid progress in Liaoning's economy, we should pay attention to the following issues: First, we should firmly embrace the idea that development is the only essential criterion. Second, we should firmly embrace the new ideas and new concepts that are suitable for the socialist market economy and should be brave in and good at obtaining and creating even more favorable conditions for economic development. Third, we should firmly embrace hardwork and the pioneering spirit of making unremitting efforts to improve ourselves and should combine the spirit of being daring to try and go ahead with the scientific spirit of seeking truth and doing concrete work. Fourth, all professions and trades should consciously submit and orient themselves to the central task of economic construction and give rise to a joint force to grasp economic construction in order to promote the rapid development of the province's economy.

Attending the meeting were leaders of the provincial party committee and the provincial government,

including Yue Qifeng, Wang Huaiyuan, Zhang Guoguang, Shang Wen, Li Guozhong, Yu Junbo, Xu Wencai, Xiao Zuofu, Cong Zhenglong, and Gao Guozhu.

Reform For 1993 Reviewed

SK2101131694 Shenyang Liaoning People's Radio
Network in Mandarin 1000 GMT 20 Jan 94

[Text] It was learned from the provincial economic structural reform work conference held today that in 1993 our province achieved breakthrough progress in reform of the enterprise property right system and the pricing system and in organizational reform and reform of the housing system. Rural reform, market construction and reform of the social security system as well as macroeconomic regulation and control were unceasingly developed and improved.

In 1993, our province comprehensively implemented the regulations on enterprise law, accelerated the change of operational mechanism of enterprises and took active and reliable steps to promote the experiment of shareholding system in some selected units. By the end of the year, 814 enterprises had experimented with the shareholding system. In addition, such reform measures as the overall contract of input and output, the introduction of mechanism of the three types of foreign-funded enterprises and grafting and transformation of old enterprises had been gradually carried out in the whole province, enabling a great number of enterprises to strengthen economic vitality. While successfully running state-owned enterprises, the whole province actively developed the collective economy, township enterprises, three types of foreign-funded enterprises, and the private and individual economies, enabling our province's economic structure to witness a historical change. Of the whole province's total industrial output value, of which, 40 percent came from the non-state economic sector.

Last year our province unceasingly improved its market system. A pluralistic and multilayered pattern of markets for daily industrial products and farm and sideline products with large-scale markets as the center, medium-sized and small comprehensive wholesale and integrated wholesale and retail markets as the support and all sorts of urban and rural commodity markets as a network had been basically formed.

In 1993, reform of the insurance system with old-age, unemployment, and medical insurances as the main body had been gradually expanded to cover many social sectors, and the degree of socialization was enhanced. The pace in housing reform was accelerated. The housing reform plans of 14 cities across the province had all been approved, and most of them had been put into practice. In changing government functions and improving the macroeconomic regulation and control system, the whole province also implemented a series reform measures. The provincial government and its subordinate departments delegated a total of more than 400 economic management powers regarding the investment in

fixed assets, foreign economic relation and trade, banking and commodity prices to the lower levels in an effort to strengthen and improve the macroeconomic regulation and control and social service functions.

Priorities For 1994 Outlined

SK2101104694 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 20 Jan 94

[Text] At the provincial economic work conference held on 20 January, Cao Guixing, chairman of the provincial Economic Commission, proposed that our province should particularly grasp well the following few tasks in this year's economic work:

First, we should deepen enterprise reform, clearly define the property right relations, further change the enterprise operational mechanism, improve and promote five types of asset operational forms with an emphasis in grasping the shareholding system, grafting and transformation, and the work of improving and developing enterprise groups, and reorganize some state-owned large and medium-sized enterprises by introducing the company system to them in a planned manner. Second, we should work painstaking to improve the internal situation, strengthen management, accelerate the pace of linking

enterprises with the market economic system, give prominence to basic management, run the plants in line with law, do a good job in coordinating the contracting system and the new tax system, and train and cultivate a number of enterprises which are good in mechanism, management and efficiency across the province. Third, we should readjust the product mix and accelerate the pace of technological progress in enterprises. This year the whole province should pay attention to the guidance of information policies and market funds, give prominence to major products and key enterprises, persist in systematically transforming the supporting high and new technology products, create the best economic efficiency, cultivate a new image of Liaoning's industry and form new industrial advantages in Liaoning.

Liaoning Appoints Acting Mayor of Shenyang 18 Jan

SK1901053994 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 18 Jan 94

[Text] At the seventh session of the 11th Shenyang City People's Congress held on the morning of 18 January, Zhang Rongmao was appointed vice mayor and acting mayor of the Shenyang City People's Government.

SEF-ARATS Talks To Solve 'Practical Issues'

*OW2001092994 Taipei CNA in English 0812 GMT
20 Jan 94*

[By Sofia Wu]

[Text] Taipei, Jan. 20 (CNA)—The upcoming high-level meeting between the two intermediary organizations on both sides of the Taiwan Strait aims to forge mutual trust and promote bilateral cooperation, chairman Huang Kun-hui of the Mainland Affairs Council said Thursday [20 January].

"We hope the meeting between the deputy heads of Taipei's Straits Exchange Foundation (SEF) and Beijing's Association for Relations Across the Taiwan Strait (ARATS) scheduled to start late this month can find ways to resolve some practical issues arising from increasing bilateral contacts in recent years," Huang told the press prior to his departure for Manila to explain Taipei's policy toward Beijing to Philippine and overseas Chinese business leaders.

Huang also urged mainland authorities to face the reality that China is now divided and ruled by two different governments. "The two sides should respect each other and work together to pave the way for eventual national unification," he stressed.

SEF vice chairman and secretary-general Chiao Jen-ho will leave for Mainland China January 31 to meet with his ARATS counterpart Tang Shubei on how to strengthen cooperation between the two organizations and to resolve thorny cross-strait issues, such as repatriation of mainland hijackers and illegal immigrants, fishing disputes and protection of Taiwan investors.

This will be Chiao's first trip to the mainland since he assumed his current post late November. Chiao was previously a vice chairman of the Mainland Affairs Council (MAC) and a close aide to president Li Teng-hui.

The forthcoming Chiao-Tang meeting will be the first high-level contact between the two intermediary bodies since the ground-breaking talks between SEF chairman C.F. Ku and ARATS president Wang Daohan in Singapore last April.

The cabinet-level MAC originally planned to postpone the Chiao-Tang talks to protest Beijing's recent unfriendly moves, including forcing France to stop arms sales and Lesotho to sever diplomatic ties with Taiwan.

The council, however, announced late Wednesday that it finally decided to allow Chiao to visit the mainland as scheduled with a view to promoting constructive interaction between the two sides.

Chiao will be accompanied by several other SEF officials, including deputy secretaries-general Shih Chi-ping and Hsu Hui-you, legal service department director Lin

Kui-mei and economic affairs department director Chang Chung-lin, on his mainland visit.

SEF and ARATS officials held three rounds of working-level talks in the second half of last year, including one in Taipei, but failed to reach any agreements mainly because of Beijing's reluctance to recognize Taipei's jurisdiction over territories now under its control.

SEF and ARATS are semi-official organizations founded by their respective governments to handle cross-strait exchanges in the absence of official contacts.

Article on Beijing's Policy Toward Taiwan in 1994

*HK1601052894 Hong Kong LIEN HO PAO in Chinese
14 Jan 94 p 2*

[By staff reporter: "Beijing Decides on Its Policy Toward Taiwan: Not Anxious To Seek Reunification"]

[Text] After a comprehensive assessment of Taiwan's political situation, the mainland has decided on its policy toward Taiwan, and has defined the following three principles—insisting on one China, denying international political space to Taiwan, and refusing to make the commitment of not using force against Taiwan. Under these three principles the mainland's overall policy toward Taiwan this year will be—holding it back economically, pushing it down militarily, and restricting its space internationally. As to reunification, the mainland can take its time. When the economy on the mainland is developed or even surpasses that of Taiwan in 30 to 40 years, that will be the right time for a trial of strength.

The mainland's new policy toward Taiwan was discussed and determined at the national meeting of directors of Taiwan affairs offices held in Xiamen in December. At the meeting, participants summed up the year's work toward Taiwan performed by the Office for Taiwan Affairs and its affiliated departments and studied the work for further pushing forward the development of relations across the Taiwan Strait. Qian Qichen, deputy head of Taiwan Working Group of the CPC Central Committee and vice premier of the State Council, and Wang Zhaoguo, director of the Central Office for Taiwan Affairs, delivered important speeches at the meeting. Their speeches, together with mainland's assessment of the Taiwan situation and the work orientation toward Taiwan in the new year, were collated into a document and transmitted to the Taiwan affairs offices in various localities level by level.

The document covers several issues, including Taiwan's political situation, Taiwan's foreign activities, the assessment of the situation across the strait, the work toward Taiwan, and so on. In the area of Taiwan's political situation, the mainland holds that since last year, political developments in Taiwan have added some unfavorable factors to the reunification of the motherland. This development is manifested in: 1) the Taiwanization of the Kuomintang [KMT]; 2) the consolidation of Li

Teng-hui's position; 3) the development of the strength of the KMT, the Democratic Progressive Party [DPP], the New Party, personalities of no party affiliation, and so on; and 4) the increase of the DPP's strength.

Qian Qichen pointed out: The future situation across the strait is highly variable along with the completion of the KMT's Taiwanization process and the fulfillment of its reform program at this stage. Originally, the CPC placed the hope of achieving the cause of reunification on the Taiwan authorities, but this should be changed now. We must place more hopes on the Taiwan people rather than on the Taiwan authorities.

In the analysis of Taiwan's foreign activities, the CPC must stick to the stand regarding Taiwan's international space for survival. That is, it is permissible for Taiwan to engage in economic activities, but Taiwan must be completely excluded from any political activities. In assessing Taiwan's attempt to reenter the UN last year, the document stated that "the CPC won the struggle against Taiwan's entry into the UN," which indicated that the CPC had a good grasp of Taiwan's strategy in its analyses. Taiwan intended to rope the Central and South American countries in with money. Actually, it did not exert good effects, nor did it yield remarkable results, as some countries accepted its money on one hand and revealed its doing to the mainland on the other.

The document mentioned that the talk between the CPC's General Secretary Jiang Zemin and U.S. President Clinton in Seattle last November meant that the Sino-U.S. relationship had come out of the blind alley since the 4 June Incident, which would have a bearing on the mainland's future work toward Taiwan. Jiang Zemin told Mr. Clinton that China insists on the stand of one China, and that Taiwan cannot act as a political entity, only as an economic entity. The document stressed: The CPC will definitely insist that "there is only one China in the world and Taiwan is an inalienable part of China" as stated in the White Paper on Taiwan.

According to the comprehensive analysis of the document, although the situation in Taiwan this year is more complicated than last year, and the CPC is particularly worried about the adoption of the direct polls for presidential election and the voting law for the people, still there are some favorable factors to the development of relations across the strait as a whole. These are: The economic growth on the mainland gathered pace, the CPC's foreign environment took a turn for the better, there were louder and louder voices for "peaceful contacts" between the island and the mainland, Taiwan's attitude toward the "three exchanges" was a bit relaxed, and the "Ku-Wang talks" were a success.

Besides, Wang Zhaoguo pointed out at the meeting of the Taiwan affairs office directors: It is necessary to further step up preparations in various aspects regarding the work toward Taiwan in the new year, particularly the work toward the mainstream faction headed by Li Teng-hui. We will absolutely make no concessions on the issue

of the three principles—insisting on one China, denying international political space to Taiwan, and refusing give up the use of force. At present, the conditions of immediately working for political contacts and "three exchanges" between the two sides of the strait do not exist. Therefore, what can be done is to hold Taiwan up economically, improve the mainland's investment climate for Taiwan investors, make practical preparations for the "three exchanges," and hold routine discussions to implement the "Ku-Wang talks." Meanwhile, it is necessary to push Taiwan down economically while restricting its space internationally.

Foreign Minister: Threat to Security 'Unabated'
OW2001100094 Taipei CNA in English 0832 GMT
20 Jan 94

[By Sofia Wu]

[Text] Taipei, Jan. 20 (CNA)—The threat to the Republic of China [ROC]'s security is unabated, although relations between the two sides of the Taiwan Strait are warming, Foreign Affairs Minister Chien Fu said in a recent interview with the London-based JANE'S DEFENSE WEEKLY.

"The Chinese Communists are aggressively building up their arsenals and have never renounced their intent on the use of force against Taiwan," Chien said in an interview carried in the weekly's Jan. 22 issue released Thursday [20 January].

Beijing's unwillingness to renounce military action against Taiwan provides the rationale for Taipei's continued need of a strong deterrent capability, Chien noted.

He also pointed out that Beijing's constant suppression of the ROC's international activities and its attempt to stop the world community from selling defensive weapons to Taiwan have pushed many Taiwan residents to lean more and more towards a total break in relations with the mainland.

"The Chinese Communist regime has since its inception gone all out to suppress and squeeze US out of the international community," Chien said. "Ever since we declared our intention to participate in the United Nations, Beijing has become even more adamant in its attempts to downgrade our status and evade reality."

Chien stressed that the ROC Government will dedicate all its efforts to expand room for diplomatic maneuver and build up friendly support in the international community.

"We will also, in coordination with our mainland policy, urge the Chinese Communists to squarely face the objective fact that the nation is divided and ruled by two different governments, and that we must support each other in the international arena while working together for reunification," Chien noted.

Prior to national reunification, Chien said, the basic rights of the 20.8 million ROC citizens should not be ignored.

He said the ROC has launched a campaign to end its long stretch of international isolation. Key elements of this drive include efforts to gain membership to the General Agreement on Tariffs and Trade, the United Nations and the ASEAN regional forum.

Chien further pointed out that Beijing's staunch opposition to the political reforms package brought out by Hong Kong Governor Chris Patten clearly shows that the Chinese Communists will not allow Hong Kong people to enjoy full political freedom after 1997.

"Therefore we firmly believe that Beijing's 'One Country, Two Systems' policy towards Hong Kong should never be carried out here, nor should such a policy ever be taken as the model for China's reunification," Chien added.

Mainland Insurance Executives Arrive for Seminar

*OW2001103694 Taipei CNA in English 0803 GMT
20 Jan 94*

[By Y.C. Tsai]

[Text] Taipei, Jan. 20 (CNA)—Taiwan investors are welcome to explore the insurance market in Mainland China, a senior mainland insurance executive said here Thursday [20 January].

Li Yumin, president of Mainland China's insurance association, made the remark upon his arrival at Chiang Kai-shek International Airport. Li led a 20-member delegation to Taiwan for a seminar on cross-Taiwan Strait insurance cooperation.

The mainland's insurance market is expected to be liberalized after Mainland China becomes a member of the General Agreement on Tariffs and Trade (GATT), Li noted, adding that prospects for the mainland insurance industry are good.

At present, there are no Taiwan investments in the mainland's insurance industry, while more than 30 foreign insurance companies have established representative offices in Mainland China, he pointed out.

Li, also chairman of the People's Insurance Company of China, and his 20-member mainland delegation will attend the cross-strait insurance forum January 22-25 at the Grand Hyatt Taipei.

The three-day forum will be the second of its kind. The first was held in Beijing and Shanghai in September 1992. [separate sessions were held in those cities]

Sponsored by the National Insurance Institute, the forum will focus on insurance rules and regulations, future trends, and the division of social and business insurance.

Former French Defense Minister on Arms Sale *OW2001100294 Taipei CNA in English 0817 GMT 20 Jan 94*

[By Lilian Wu]

[Text] Taipei, Jan. 20 (CNA)—French arms sales to Taiwan help ensure the security of the Asia-Pacific region, former French Defense Minister Pierre Joke said in Taipei Wednesday [19 January].

Joke, currently president of the Revenue Court of France, said previous decisions to sell arms to Taiwan were natural and necessary decisions.

The French Government approved the sale of Lafayette-class frigates and Mirage fighter planes to Taiwan during Joke's service as defense minister.

Joke noted that when the French Government approved the arms deal, it knew that it would be a long-term cooperation project.

Joke also said that when the Francois Mitterrand government was weighing the possibilities of selling arms to Taiwan, he submitted a report to Mitterrand based on his experience in the Air Force.

He explained that the arms sale would not just include one purchase, but also follow-up purchases and parts maintenance, which require long-term cooperation.

He said that there is still plenty of room for Taipei-Paris cooperation, especially in culture and trade.

Joke arrived here last Saturday. He will leave on Friday.

During his weeklong visit in Taiwan, Joke met with Vice Premier Hsu Li-teh, presidents of the Control and Legislative Yuans, and other officials. He also visited the National Palace Museum.

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